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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

January 9, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending January 6:

The Legislature

Governor Brennan called for austerity in a welcoming talk January 4 as the second session of the 111th Legislature opened. Members came, and went, quietly. Only 25 of the approximately 500 proposals they will consider in the next three months were printed in document form. Specifics of the Governor's program will come late in January in a budget message.

Lobbyists took advantage of the lack of activity to discuss at meetings what might be coming up of interest to industry. There were meetings January 5 of the Public Affairs Committee of the Paper Industry Information Office, the legislative committee of the Maine Chamber of Commerce and Industry and directors of the Maine Forest Products Council.

The biggest tax increase will probably come as a result of recommendations of an Unemployment Compensation Fund Study Commission. Faced with predictions that the fund will be in the red by more than \$60 million by the end of 1987, the Legislature created the commission to evaluate the Fund and to recommend legislative action.

The Commission tentatively has approved a legislative package of unemployment tax increases and benefit adjustments which would generate \$70 million in trust fund revenues over the next three years. The taxable wage base would be increased from \$7,000 to \$8,500 in three steps. Employers whose workers have over a period of time charged more in benefits than they have paid in taxes would have to pay a higher tax rate -- up from the current 5.0 percent to 7.3 percent. A 16 percent across-the-board tax rate increase would be added in lieu of the .6 percent surtax for 1983 and 1984. Details of the package are still up in the air, a MCCI analysis says the tax increases could cost employers between \$26 and \$328 per employee by 1987.

The fate of the controversial Forest Fire Protection Tax will also be up to this session of the Legislature. Another group created by the Legislature, the Forest Fire Advisory Council, is rushing to complete a report, recommending changes. The present tax is being challenged in the courts by Franklin County landowners who are dissatisfied with the approach taken by legislators in 1983 -- a 25 cents per acre tax (9 cents more in the unorganized territory) collected by the state.

A proposal for a new system of rehabilitation benefits under Workers' Compensation Insurance is expected from the House Speaker's Select Committee on Workers' Compensation. The committee is considering proposals based on a system instituted in Minnesota. The special commission studying methods of financing the insurance (private carriers versus state funds or a state fund monopoly) is also due to report in March.

Those were the most talked about issues as business people looked ahead to the 1984 sessions.

In its first week, the Energy and Natural Resources Committee took up where it left off a year ago by considering the question of what, if any, additional regulation was needed of timber harvesting in the privately owned lands of the Allagash Wilderness Waterway. An agreement is being sought on a study report. The first schedule of public hearings for legislative committees is expected to be announced January 9.

Workers' Compensation: Up?

The proposal for an increase in workers' compensation insurance rates averaging 30 percent filed December 28 "appears to be a much stronger effort" by the National Council on Compensation Insurance than the insurance industry's recent filings. That's the view of Don Perkins, the Portland attorney who has represented a coalition which has successfully challenged increases. Perkins estimates the increase would cost Maine employers \$37 million annually.

Some examples of the present and proposed costs per \$100 of insurance:

<u>Code/Class</u>	<u>Now</u>	<u>Proposed</u>	<u>Code/Class</u>	<u>Now</u>	<u>Proposed</u>
Logging	32.28	37.92	Sawmills	15.63	19.23
Pulp, Groundwood	7.47	9.80	Pulp, Chemical	3.18	4.54
Paper Mfg.	6.94	9.92	Carpentry	19.90	25.01
Truck Drivers	10.07	13.79	Salesmen	1.16	1.53

Perkins describes the filing as a much stronger application than previous ones, including extensive analysis and documentation with respect to reserves, loss control, investment income and profitability.

Guest House Statistics

In 1983, the staff of the Guest House served 2,444 meals compared with 2,532 in 1982. Overnight guests totaled 535, compared with 532 in 1982.



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

January 3, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending December 30:

The Associations: High Expectations!

The Maine Chamber of Commerce with 800 members has been in existence for 91 years, Associated Industries of Maine with 200 members for 64 years. Now they are one -- the Maine Chamber of Commerce and Industry. There are high expectations on the Augusta scene for the new organization. The December merger has been welcomed by politicians, bureaucrats and men and women in business, although they concede the new organization will not be a force in the session of the Legislature opening January 4.

A full-time president is being recruited to head a staff of seven. An annual budget of \$375,000 to \$400,000 is being discussed.

Tom Greenquist of Bangor Hydro, first chairman of the organization, got a warm reception from legislative leaders when he went to Augusta to explain the merger. The Democrats are sensitive to charges of being anti-business and welcome a new beginning after the bitter battles of recent years with AIM. But Democrats are also watching closely the selection of the \$50,000-a-year president of the association. Members of the majority party were critical of the Business Council of Maine, the statewide business political action committee, for hiring two Republicans to poll and plot strategy. One name being mentioned by Democrats was that of Harvey DeVane, the former Ellsworth legislator and radio station general manager, now Commissioner of Business Regulation in the Brennan cabinet.

John Salisbury, a consultant, is coordinating the merger. Salisbury is the former executive director of the Maine Municipal Association. Priorities in the work program he has proposed include:

1) Developing a more effective business coalition and expanded involvement in public policy through a Business Policy Council;

2) Increasing small business participation and providing a program of services through a Small Business Council;

3) Increasing business and public awareness of business issues through the association's communications program and the Maine Today magazine;

4) Building a more effective partnership with local chambers and other special interest business associations;

5) Expanding membership.

The transition board of directors includes many of Maine's business leaders, including Bob Bartlett. They face a financial challenge. Salisbury is proposing a level of dues which will produce \$375,000 to \$400,000 and a "special funding solution" to cover transition expenses (mainly the expense of an agreement negotiated with the retiring Chamber of Commerce president). Current dues of the two associations will not generate the needed revenues. Great Northern Paper's 1983 dues were \$1,800 for the old Chamber, \$6,000 for AIM.

Headquarters for the new association will be in the former AIM offices at 126 Sewall Street in Augusta. Left behind in Portland, where the old Chamber was headquartered, is the subsidiary which publishes Maine Today.

The framers of the merger agreement carefully balanced the needs of small business to satisfy leaders of the old Chamber whose 800 members included many in that category. Just how well big business will respond to its new partners will probably be tested in the next few months when the Legislature considers increasing the minimum wage. Paper companies and others considered big business haven't been involved in legislative fights over issues such as the minimum wage. Small business has fought the battles, grumbling at times over the lack of support.

Associations and Coalitions

In addition to the Maine Chamber of Commerce and Industry, at least two coalitions and maybe more will join business associations on the Augusta scene in dealing with matters of interest to Great Northern Paper. The list:

Coalition for Workers' Compensation Reform -- A coalition of 26 employer associations with Salisbury as spokesman.

Coalition for Air Quality Research -- If the toxic air emissions issue goes to the Legislature, this coalition may represent industry. It's an outgrowth of a paper industry initiative with Dale Phenicie as chairman and Dan Boxer as counsel.

Paper Industry Information Office -- It's the voice of the paper industry on environmental and forestry issues, and sometimes other issues. Hank Magnuson is its spokesman with Don Perkins and Boxer lobbying strategists.

Maine Forest Products Council -- Bob Chaffee is spokesman and Doug Smith the lobbyist for this broad-based organization which has never been adequately financed to be effective.



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

January 16, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending January 13:

Workers' Compensation

What is the most popular subject for study in Augusta these days?

The answer: Workers' compensation insurance.

The outcome of some of the studies may lead to changes in Maine's controversial law. But studies drag and no one is betting that reports will reach the Legislature during the session now in progress.

Here is a rundown of the groups involved:

Speaker's Select Committee on Workers' Compensation: -- Most likely to succeed in achieving a 1984 objective, this committee is considering changes in rehabilitation benefits under workers' compensation insurance. The committee is considering issues such as 1) What rehabilitation benefits should be provided; 2) Who shall be eligible for the benefits; 3) What incentives or penalties should be provided for employees, employers and insurers; and 4) How should the rehabilitation program be structured administratively? The committee's report will probably be in the form of legislation.

Speaker Martin personally guided the committee's 1983 recommendations to passage. As a result, the Workers' Compensation Commission was provided the money and the manpower to do a better job. And the involvement of attorneys (and the cost) was reduced in the early stages of a case. Roger Mallar, the former Commissioner of Transportation turned insurance man, remains as chairman of the 23-member committee which includes representatives of business, labor, the insurance industry and the Legislature. Jim Griffith of Great Northern Paper is a member.

Study Commission on Workers' Compensation: -- Created by the Legislature with a \$100,000 budget as a result of a proposal by Speaker Martin, this commission is 1) examining the rate making process for workers' compensation insurance; 2) reviewing private insurers' reserving and investment practices; and 3) looking at alternative methods for providing workers' compensation coverage (state funds). A report is due April 30.

John Menario, a former Portland city manager turned consultant, is chairman. Alan Timm, an Augusta banker, and Floyd Harding, a Presque Isle attorney, are the other members of the commission which is meeting regularly.

Maine Chamber of Commerce and Industry: -- When Chairman Tom Greenquist called on the Governor to announce the merger leading to the new association, Brennan promptly asked for suggestions regarding workers' compensation.

A MCCI committee composed of Bob Reny, a department store owner, Mark Gartley of Cianbro, Peter VanLoan of General Electric, Steve Clarkin of the MCCI and Mallar will prepare the MCCI response.

Coalition for Workers' Compensation Reform: -- This organization includes 23 employer groups ranging from apple growers to the paper industry. The Paper Industry Information Office and Associated Industries of Maine have each been picking up 25 percent of the cost and the other 21 members the remaining 50 percent. John Salisbury, the former executive director of the Maine Municipal Association, is the coalition's coordinator and spokesman. He will concentrate on the rehabilitation and hearing loss issues. Salisbury reports to a board composed of executives of the trade associations belonging to the coalition.

Workers' Compensation Coalition: -- Another coalition of trade associations. Organized in 1974, this coalition retains Portland attorney Don Perkins to challenge proposals of the National Council on Compensation Insurance (NCCI) for rate increases. The paper industry has in the past paid 25 percent of the cost, AIM 25 percent and the seven other members the remaining 50 percent. NCCI filed December 28 a proposal for a rate increase averaging 30 percent.

NCCI: -- The insurance industry organization has completed an analysis of the Maine system, concluding as summarized in the January 13 newsletter of MCCI:

- Maine's system can only be improved through legislation because it is a creation of law;
- Benefits are costlier in Maine than in 12 other states NCCI studied, 165 percent higher per \$100 of payroll;
- Examination of accident frequency suggests that the Maine work place is relatively safe for its industrial mix;
- Maine's system has an excessive and unnecessary use of attorneys, high incidence of lump sum settlements, lengthy healing periods and absence of vocational rehabilitation.

Bangor Speech

In a talk January 10 before the Bangor Rotary Club, Great Northern Paper President Bob Bartlett discussed the company's commitment to the State of Maine. He cited the creation of the College of Forest Resources on the Orono campus of the University of Maine and the merger which led to the Maine Chamber of Commerce and Industry as positive trends in 1983. Bartlett suggests the Brennan administration's economic planning efforts be formalized with a council of advisors to the Governor and legislative leaders. Despite a snowstorm, 85 people turned out for the meeting of the second largest rotary club in the state. Bill Cozens spoke December 9 at a meeting of the largest club in Portland.

The Legislature

The second week of the Legislature saw two developments of interest:

- The Energy and Natural Resources Committee granted a "leave to withdraw" report on Legislative Document 1250, an act revising the classification system for Maine waters. The Department of Environmental Protection now wants to wait for anticipated changes in the federal law.
- An emergency bill was enacted delaying for one month the requirement employers file lists of hazardous substances by January 15. The whole Chemical Substance Identification Law passed in 1983 is under review.

A legislative summary is attached to this newsletter.

Death

Mrs. Emma Hatch, the popular housekeeper at the guest house until illness forced her to retire in 1983, died January 15 at the Millinocket Regional Hospital.

Other Matters

Bartlett and Noyes approved the format for a 1984 newspaper advertisement and a television commercial...Mark Mogensen of the Lewiston Sunday newspaper called with questions regarding the use of flashboards on dams. P. I. Firlotte answered his questions. The reporter was developing a story following an accident...We agreed to the usual full-page advertisements in annual industrial and business editions of Lewiston and Waterville newspapers...Reporters for the Bangor Daily News and Katahdin Times called with questions regarding R. W. Noyes' speech January 19 before the Northern Penobscot Municipal Association in East Millinocket...With Jim Giffune's concurrence, an Augusta briefing on

forest management was planned for six legislators January 17 in Augusta...Approximately 100 letters of invitation were prepared for southern Maine businessmen invited to meetings February 7 and 15 in South Portland. Bartlett and Bob Woodbury, the president of the University of Southern Maine, are co-hosts for the fund-raising breakfasts of the Maine Council on Economic Education.

Sincerely,

Paul

pmc/r
Enclosure

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Taxes and the Business Climate

The Taxation Committee of the Legislature completed a study of the influence of tax policy on economic development -- and found little relationship. The Public Affairs Committee of the Paper Industry Information Office has asked Portland Attorney Jim Good to consider a rebuttal based on testimony presented by the industry before the committee in November of last year.

Other Matters

Allan Loboizzo of the Bangor Daily News called with questions regarding suppliers of goods and services to the company. Loboizzo was preparing a story of the relationship of big and small business...A Great Northern Nekoosa Corporation release on management changes was announced...Barbara Waters of the Katahdin Times called regarding the company's economic contribution to Millinocket. A downtown revitalization project is being considered by the Chamber of Commerce.

Sincerely,



pmc/r

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Legislative Report

January 13, 1983

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1250	New system for classifying waters	Withdrawal approved by committee
1457	Hazardous waste management	Carried over from 1983
1837	Training programs for operators of water pollution facilities	
1891	Designates PCBs as a hazardous waste	
1917	Establishes "mixing" zone near plants	

Labor

495	Exclusive state fund for workers' compensation	Carried over from 1983
497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Revises evaluation of hearing loss under workers' compensation	Carried over from 1983
1561	Unemployment Compensation Trust Fund Study	Ordered in 1983
1810	Establishes Maine Labor Relations Law	--
1824	Clarifies return to work provisions under workers' compensation	Hearing January 18... Clark, Pray among four sponsors.
1851	Revises procedures for appeals under workers' compensation law	Hearing January 18...

Natural Resources

1277	Relating to leases on lands of state	Carried over from 1983
1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Carried over from 1983
1821	Changes in Penobscot land designation	
1822	Changes in time of Penobscot lands designation	
1890	Establishes cost of spruce budworm program	

Taxes

Other Subjects

1932	Delays deadline for filing chemical substance reports	Passed
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Great Northern Paper

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Paul K. McCann
Manager Public Affairs

January 23, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending January 20.

At Last -- The Maine Economy in '81

First published in 1913, the Census of Maine Manufactures has annually provided a comprehensive and statistical analysis of the Maine manufacturing economy. Usually the census report lags a year. But the 1981 report, dated December of 1983, is only now being distributed by the Research and Statistics Division of the Maine Department of Labor.

The highest average wages of \$23,875 in the state in 1981 were paid in the Millinocket economic area composed of the towns of Millinocket, Medway and East Millinocket. The state average was \$14,946 and the paper industry average \$23,180. Second in average wages was the Ellsworth-Bucksport area at \$22,701. Third was Calais-Baileyville at \$20,407. Lowest was the Jonesport-Cherryfield area at \$9,267.

The average statewide in manufacturing was \$13,776 in 1980. In the paper and allied products category, the average was \$18,076.

The total value of product manufactured in Maine was \$7,850,740,550, an increase of 10.7 percent from 1980. Paper constituted \$2,753,873,673 or 35 percent. Lumber and wood products represented 12 percent or \$667,098,034. The value of paper as a product was up 13 percent, the value of lumber up 10 percent.

While the value of product was up, the lumber and wood products industry was shrinking with 901 firms and individuals reporting on business activity compared with 1,053 in 1976. The category covers both logging camps and sawmills. The average salary for logging camps and contractors was \$15,173. For sawmills and planing mills, the average was \$15,173.

The census findings on expenditures for plant modernization and equipment indicated \$407,315,072 was spent in 1981 by the paper industry out of a statewide total of \$622,250,841. Looking ahead, the report predicted spending would decline to \$341 million in 1982 and \$308 in 1983 -- over half representing spending by paper companies. The areas with the most activity in 1981 were Skowhegan, Waterville, Farmington-Jay, Portland and Rumford. In 1982-83, Portland was projected to be the only area where over \$100 million would be invested, although Ellsworth-Bucksport and Farmington-Jay were just under that figure.

Finally, the report showed the paper industry was No. 1 and lumber and wood products No. 3 in exports with paper products valued at \$113,162,875 going overseas and lumber and building materials valued at \$42,161,187. The paper industry was No. 1 in value of materials used in manufacturing (pulp and pulpwood) at \$300,296,596. This would include the Fraser pulp sent by pipeline under the St. John River from Edmunston to Madawaska and the flow of wood from New Brunswick lands to Georgia-Pacific mills near Calais.

The Legislature

A spokesman for the Coalition for Workers' Compensation Reform asked the Labor Committee January 18 to refer L.D. 1847 to the Speaker's Select Committee on Workers' Compensation. John Salisbury of the Coalition said the proposal would limit the ability of many employers to transfer injured persons to more suitable jobs. The proposal was supported by the AFL-CIO and 60 workers appeared at the Augusta hearing.

Next week's schedule includes an Energy and Natural Resources Committee hearing on a proposal to classify PCBs as hazardous waste.

A summary of Legislation is attached.

Where The Action Is

A study by the Conference Board reports many companies are beefing up state government relations activities because (1) bills introduced in state legislatures in the last 15 years more than doubled, (2) state legislation is coming at the rate of 16 to 17 times more than that in Congress, (3) seven times as many state bills become law than federal bills, and (4) legislative staffs are growing very rapidly.

Augusta Briefing

Jim Giffune, Bart Harvey and Bob Wright joined Lynwood Hand and me in Augusta January 17 and briefed Senators Carpenter and Pearson and Representatives Clark, McGowan and Michaud on the company's forest management programs. Carpenter, Pearson, McGowan and Representative MacEachern are cosponsors of a proposal regarding forest management. The bill is based on their concern over the future of the state's timberlands and the deer herd. MacEachern couldn't attend the briefing because of a last minute conflict.

Giffune and I met January 18 with Speaker Martin and Senator Pray to discuss legislation.

Quotes of the Times

"I think there has to be additional changes made in the field of rehabilitation (workers' compensation). In the field of quick back-to-work. The longer people are out of work, I think, the less likely some people are going back. You have to find alternate jobs for some people because they can't go back to the profession in which they were injured."

--- House Speaker John L. Martin
in Sunday (Lewiston), January 15

"In poverty-ridden Maine, jobs are important. That's why the West Branch of the Penobscot should be preserved; for the 200 recreational jobs maintained by the whitewater rafting business, worth \$2 million annually in outside money, and for the 300 jobs that would be created with an alternate biomass cogeneration plant. Trout Unlimited, founder of the West Branch Coalition and primary battler in the fight to save this river, believes that Maine's economy and environment are not in conflict; they are inseparable. Great Northern Paper Company has alternatives; the West Branch has none."

--- editorial, Trout, Winter issue
Magazine of Trout Unlimited

"I am not surprised that representatives of industry opposed the proposal (Class I air quality zoning). They wouldn't meet their employers' expectations if they did not oppose every proposed environmental and public safety regulation that looks as though it might cost them money. Industry is in the profit business, not the public welfare business."

--- Eberhard Thiele, Fort Kent
St. John Valley Times, January 18

"If enacted, this law (Class I air quality zoning) could preclude any expansion of that mill (Scott in Hinckley) and it could eliminate the construction of similar mills within a 35-mile radius of Bigelow Mountain. Now ain't this proposal smart. It says, 'let's not create any more employment for Maine people so that the hikers on Bigelow can get a little bit cleaner air!' Those proponents are truly wacky."

--- Dave Rolfe, columnist for
The Irregular, Sugarloaf, January 3

"...We're plagued to death with smart lawyers lobbying for big companies...They can say things in fancy language that takes forever to figure out. I keep telling them to keep it simple, answer a question yes or no. Bothers the hell out of them...You got to remember, always remember, it's the little guy who put you in office, not the big shots from the paper companies (for whom he has a special scorn, believing they care little about the land they own) or Guilford Industries..."

--- Representative Don Hall, as quoted
in Maine Times, December 30

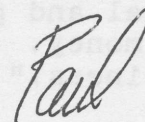
Meeting with Maine Audubon

With Dan Corcoran, Tony Filauro and Bart Harvey, I went to the Falmouth headquarters of the Maine Audubon Society January 19 for a briefing on the use of herbicides in forest management and a discussion of the construction of logging roads. Executive Director Chuck Hewett, who had expressed concerns over both subjects while in Millinocket, and four of his staff participated. There were overtones of the Big A issue in the discussions as the Audubon Society group extolled the merits of markets created by biomass boilers -- permitting removal of low quality growth on woodlots.

Other Matters

In Portland, I met with Lee Baer of the New England Group and Mel Warren of Body and Company to discuss television and newspaper advertising...The company will place advertisements in the annual industrial progress report of the Bangor Daily News February 25, a Newspaper in Education tabloid March 8 and a special edition June 28 celebrating Bangor's 150th anniversary...I talked at length with Joe Rankin of the Central Maine Morning Sentinel (Waterville) who was preparing a business outlook story...In Augusta, I met with Paula Broydrick of International Paper and Dave Sargent of the Paper Industry Information Office on redesigning the office newsletter...A full-page advertisement was placed in the 100th anniversary section of the Biddeford Journal Tribune...Jeff Strout of the Bangor Daily News called with questions regarding the Big A project.

Sincerely,



pmc/r
Enclosure

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The Legislature

The second regular session of the 111th Legislature convenes at 10 a.m. Wednesday, January 4. Approximately 500 proposals will be considered during the 50 days of the session. Lynwood Hand will be in Augusta daily. John Delahanty of Pierce-Atwood has registered to also represent Great Northern Paper and will be available if needed. Later Dan Boxer will be involved on environmental matters and Jim Good on tax conformity.

The Natural Resources Council

The Natural Resources Council is the chief proponent of Class I Air Quality zoning for three areas and a leading opponent of the Big A project. In its 1982-83 annual report, the Council says "3700 individual and family memberships (reporting over 6,000 people) support our work, providing over 75 percent of the Council's operating income." The Council reported expenses of \$224,869 in the year, attributing a deficit to adding a lobbyist to the staff and remodeling its Augusta headquarters. Businesses which supported the Council activities included L. L. Bean, Eastern River Expeditions, Maine Whitewater, New England Telephone, Northern Whitewater, Unicorn Rafting, Allagash Wilderness Outfitters, Downeast, Folsom's Air Service and others.

The Council is adding a permanent lobbyist to its staff of six full-timers as well as a second attorney to deal with regulatory matters. Executive Director Joe Foran said in a fund raising letter that Brownie Carson, a seven-year Pine Tree Legal Assistance lawyer, would join the NRC in late December.

Class I: Act Three

The Board of Environmental Protection December 29 conducted at Fort Kent a third hearing on the proposal to designate Baxter Park, the Allagash Waterway and the Bigelow Preserve as Class I Air Quality areas. Representatives of the United Paperworkers International Union opposed the concept. The next step is a recommendation by the Board of Environmental Protection. Eldon Hebert, an international representative of the UPIU, warned the BEP not to risk the jobs of thousands, reminding them industry can pick up and leave.

While the hearings in Millinocket, Kingfield and Fort Kent have produced overwhelming opposition to Class I areas, the news media has been balancing the content of stories and not reflecting the trend of testimony. Typical was the headline in the Bangor Daily News on December 22: "Effort to Improve Wilderness Air Quality is Opposed." No one talked about improving air quality. Maine Times on December 23 quoted DEP staffer Dave Dixon to make the point that "the company's position, however, may be based on a perception of the impact of Class I standards rather than the reality." I spent considerable time on the subject with Denise Goodman, a Boston Globe correspondent, December 29 and 30. She was more interested in Millinocket air quality as a result of talking to environmentalists than the facts of the Class I issue.

Complaint from Old Town

Representative John A. Cashman of Old Town complained December 19 that Bob Bartlett's letter to employees was incomplete and unfair on the subject of taxation. Cashman said he interpreted the letter to imply that the Legislature was "anti-business" in tax matters. Cashman said the 1983 tax rates were reduced for 94 percent of all businesses. The Old Town representative also interpreted the letter to say that taxes on all timberlands went up 13 percent -- not just Great Northern Paper's taxes. He said there was no mention of a study of the fire control tax which was the major factor in the increase in taxes on timberlands. Cashman said that while the Legislature denied companies such as Great Northern Paper the benefits of full conformity with federal tax law, big business reaps all of the benefits under the federal code. He was critical of the Reagan administration for creating such tax breaks and resulting budget deficits. Cashman also criticized lobbyists for business in Augusta for not adequately communicating with the Taxation Committee, which he considers the most active committee of the Legislature. I met with him December 22 in Bangor.

The letter was also the subject of a story which appeared in all editions of the Bangor Daily News December 22.

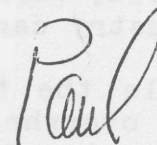
Other Matters

David Platt, the Bangor Daily News reporter, visited the woodlands department. He is preparing a story on the use of computer in forest management...A contribution of \$1,000 was made by the Great Northern Nekoosa Foundation to the chemo treatment room of the Millinocket Regional Hospital...The Foundation also made a \$10,000 commitment to the vocational rehabilitation facilities of Earl Bruce Industries in East Millinocket. The activity is a project of Katahdin Friends, Inc....Senate President Gerard Conley told me December 29 in Augusta that he will oppose any further attempts by environmentalists to block the Big A project in the 1984 session of the Legislature.

Sincerely,

pmc/r

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W. M. Dillaway	R. R. Johnson	D. K. Phenicie	

1851	Revises procedures for appeals under workers' compensation law	Hearing January 18
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Natural Resources

1277	Relating to leases on lands of state	Carried over from 1983
1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Carried over from 1983
1821	Changes in Penobscot land designation	Hearing January 24
1822	Changes in time of Penobscot lands designation	Hearing January 24
1890	Establishes cost of spruce budworm program	
1943	Eliminate need for duplicate applications under spruce budworm law	PIIO supports

Taxes

1932	Delays tax conformity study deadline to April	Approved
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Other Subjects

1930	Delays deadline for filing chemical substance reports	Signed into law
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LEGISLATIVE REPORT

January 23, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1250	New system for classifying waters	Withdrawal approved by committee
1459	Hazardous waste management proposal and generator tax	Carried over from 1983
1837	Training programs for operators of water pollution facilities	
1891	Designates PCBs as a hazardous waste	Hearing January 25
1917	Establishes air "mixing" zone within mill yards	
1934	Prohibits hazardous air emissions	

Labor

495	Exclusive state fund for workers' compensation	Carried over from 1983
497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Revises evaluation of hearing loss under workers' compensation	Carried over from 1983
1810	Establishes Maine Labor Relations Law	
1824	Clarifies return to work provisions under workers' compensation	Hearing January 18... Strong support from AFL-CIO, also from Bath Iron Works...Coalition asks bill be referred to Speaker's Committee



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

January 30, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending January 27:

PACs in Hostile Country

Three members of Congress were among the speakers at the annual political action committee conference January 25-26 in Washington, D.C., sponsored by the Public Affairs Council. Nearly 100 persons from 26 states attended.

Congressman William Thomas of California told the representatives of PACs that "you are in hostile country and there is a bounty on your heads" and warned Common Cause was going to step up criticism of such committees. Thomas, a leading advocate of PACs, said the criticism can be attributed to "raw politics" -- a struggle for power.

"Fortunately for you, criticism is coming from a very limited source -- primarily Common Cause. Congress isn't buying Common Cause's approach. Unfortunately for you, the press is accepting Common Cause charges as gospel. What the press is overlooking is that Common Cause is essentially a PAC," said Congressman William Frenzel of Minnesota. He said PACs have broadened the base of public participation in the political process because people like them. This country needs every ounce of stimulus to get people interested in government. Common Cause's answer to financing political campaigns is public financing and this won't work, Frenzel said, pointing out that never more than 25 percent of taxpayers have used the \$1 checkoff on the federal income tax form and the experience of states with similar systems has produced less response.

Congressman Tony Coelho of California said he was a longtime supporter of PACs but also a critic of the fact members of Congress spend "too much time raising money and not enough time on their constitutional duties."

The first political action committee was established by the CIO in 1943 to collect \$1 each from members to use to support pro-labor candidates. In 1974, amendments to the federal election laws allowed employees of corporations to organize PACs and collect money to contribute to political campaigns. Corporations can't contribute but can pay expenses of the committees.

Representatives of three PACs discussed their programs. Dow Chemical has nine committees with 20 percent of its employees contributing. (In the last election cycle, \$385,000 was contributed.) Tenneco Oil's one committee raised \$224,000 in a similar period with 26 percent participation -- an average of \$107. During the bottom of the recession, contributions to the General Motors committee dropped to \$60,000 annually but now are back at the \$300,000 level. Payroll deduction and strong support from middle management contributed to the success of the General Motors committee. The speakers who described the three programs stressed the need for confidentiality, guarding information on who contributes and how much. All three also said the voluntary nature of the programs is pointed out in all mailings.

"If politicians were going to start practicing medicine, it was time medical professionals started practicing politics," Peter Lauer of the American Medical Association political action committee, AMPAC, said in describing the activities of one of the oldest and strongest committees. AMPAC provides polling data and buys campaign advertising for candidates.

Congressman Thomas said that in the 1982 campaign this was the breakdown of contributions by two groups of PACs:

	<u>Democrats</u>	<u>Republicans</u>
Labor Unions	97%	3%
Business Committees	30%	70%

Great Northern Paper has had a political action committee since 1978.

Questions

The annual reader poll of 50 questions is contained in the February 1984, issue of the Maine Sportsman, a weekly newspaper. Among the questions:

Do you favor preserving the stretch of the Penobscot River which is threatened by the 'Big A' dam?

Do you believe clear-cutting in Maine is hurting our wildlife resources?

Big A: All In A Week

Maine Audubon Society Executive Director Chuck Hewett in a letter in the Maine Sunday Telegram January 22 urged legislative leaders to allow a debate on the Big A project. Because a bill aimed at blocking the project was killed last year, legislative leaders followed tradition and refused to put the matter on the agenda for 1984. Audubon wants legislative leaders to ignore the rules. The leaders who voted against allowing a debate on the Big A counseled against responding to Hewett's letter, reasoning a second letter would only keep the issue alive. The February issue of the Audubon Society's journal reported "this defeat was a bitter disappointment" but pledged to carry on the fight in the regulatory process.

The January 22 Telegram also announced that "Save the West Branch" would be the topic of a February 26 meeting in Portland -- one of a series of 12 meetings cosponsored by Smith Farm and F. Parker Reidy's, two Portland area restaurants.

During the week, both representatives of the Audubon Society and the Natural Resources Council of Maine were in Washington, D.C., discussing the Big A project with officials of the Federal Energy Regulatory Commission (FERC) and the staff of the Maine Congressional Delegation. NRC has hired a Washington consultant to deal with the project.

Meanwhile Great Northern Paper, other paper companies, utilities and others in the hydro development field are preparing for a February 8-9 workshop when the Land Use Regulation Commission will consider NRC proposals for rules under which hydro projects will be considered. Dick Noyes last week wrote hydro power owners and developers, contractors and engineers that if the rules are adopted "future hydro power development in this state will be seriously undermined."

The Legislature

With Governor Brennan scheduled to outline his 1984 program in a January 31 speech, the pace of the Legislature is certain to quicken in the weeks ahead.

Next week the Forest Fire Advisory Council is expected to make its report. The Council will recommend (1) the General Fund share of forest fire control costs be at least one-third; (2) all forest land should be taxed. Towns and the unorganized territories should be billed and the money raised through the property tax; (3) there should continue to be a higher tax rate in the unorganized territories to reflect the greater state effort in protection where no local fire departments exist. The Maine Municipal Association opposes the Council's proposal to raise the money through the property tax. The tax instituted in 1983 requires the state to directly tax all owners of 100 acres or more of timberlands.

The session has 41 days remaining.

A legislative summary is attached.

LURC Nomination

Elizabeth Swain of Pownal, a former staff member of the Maine Audubon Society, was nominated January 25 to be a member of the Maine Land Use Regulation Commission. Ms. Swain is a promoter of biomass as an energy source. Great Northern Paper and others questioned if her background and her enthusiasm for biomass could not result in prejudicing her against the Big A project but Governor Brennan apparently is confident she will be fair. Ms. Swain's nomination must be approved by the Energy and Natural Resources Committee and the State Senate.

Sincerely,

Paul

pmc/r
Enclosure

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LEGISLATIVE REPORT

January 30, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1250	New system for classifying waters	Withdrawal approved by committee
1459	Hazardous waste management proposal and generator tax	Carried over from 1983
1837	Training programs for operators of water pollution facilities	
1891	Designates PCBs as a hazardous waste	Hearing January 25... Acceptable to Great Northern Paper
1917	Establishes air "mixing" zone within mill yards	
1934	Prohibits hazardous air emissions	

Labor

495	Exclusive state fund for workers' compensation	Carried over from 1983
497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Revises evaluation of hearing loss under workers' compensation	Carried over from 1983
1810	Establishes Maine Labor Relations Law	
1824	Clarifies return to work provisions under workers' compensation	Hearing January 18... Strong support from AFL-CIO, also from Bath Iron Works...Coalition asks bill be referred to Speaker's Committee, a step preferred by Great Northern Paper.



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

February 6, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending February 3:

Taxes in Maine

"I was absolutely astonished...I cannot believe the naivete of this committee in determining 'this state has a reasonable tax structure as far as business is concerned,'" Bruce A. Chalmers of Bridgton wrote Senator Frank Wood, chairman of the legislative Taxation Committee. Chalmers is past chairman of the Governor's Small Business Advisory Council. The Taxation Committee report in January was the result of a committee study of the impact of the tax structure on the business climate.

Chalmers was one of many in the business community angered by the report.

This was the same committee which had, in several months of 1983, urged the Legislature to (1) impose the unitary tax system, (2) increase by up to 30 percent taxes paid by corporations, (3) deny corporations full tax conformity at a cost of \$4.5 million dollars and (4) raise the fire control tax on timberlands.

Ignoring the complaints of a parade of businessmen at a public hearing, the Committee said in its report:

"It seems to be a common perception that the business climate in the State of Maine is horrendous...Maine's tax structure does not make it one of the most burdensome states in the nation, the weather in Maine is not worse than many northern industrial areas, and Maine is no further from many large market areas than southern or western states. To

the extent that environmental standards are high in Maine, they can be balanced against the quality of life that is provided by clean air and water...The Committee believes that it is in the interest of business leaders as well as government officials to present Maine in a more realistic light not only when promoting the state to others but also to ourselves."

The new Maine Chamber of Commerce and Industry will respond to the Taxation Committee in the weeks ahead.

In a draft of the MCCI reply, the association will consider telling legislative leaders that the report fails to deal in any substantive manner with complaints of the business community, fails to acknowledge the adverse effects of recent actions in the tax area and draws incorrect conclusions relative to the importance of taxes and the comparative tax burden on business in Maine.

"Unfortunately, those companies which have experienced multiple tax increases in the last year and which face extraordinarily high workers' compensation, environmental and other regulatory costs are greatly concerned with recent trends, and have difficulty speaking favorably of the outlook for Maine's business climate in good conscience," the leaders of MCCI were ready to say.

If Democratic leaders recognize the problem, the policies of the Taxation Committee can be reversed. Some of the damage to the business climate could be undone by enacting full tax conformity.

The Legislature

Governor Brennan painted an optimistic picture of the economy in his State of the State Message to the Legislature January 31. Most of the legislation necessary to implement his program is still being drafted.

A workshop of the Labor Committee produced continued criticism from Great Northern Paper employees of the company's use of Section 66-A of the Workers' Compensation Law. They supported an AFL-CIO proposal which prohibits an employer from transferring an injured worker to another 'suitable' job when the employee's assignment to that position conflicts with a collective bargaining agreement. The Labor Committee rejected the proposal of the Coalition for Workers' Compensation Reform that the matter be turned over to the Select Committee appointed by Speaker Martin, which is considering the entire subject of rehabilitation. By an 11-2 vote, the Committee favored the AFL-CIO proposal. The bill is expected to be debated briefly in the House but passage is anticipated.

As expected, the Forest Fire Advisory Council report was distributed.

On behalf of Great Northern Paper, Lynwood Hand supported a Department of Environmental Protection proposal for a vocational training program for operators of water pollution facilities.

A summary of legislation is attached.

Support for Big A

J. Russell Wiggins, former editor of the Washington Post and now editor and publisher of the Ellsworth American, is probably Maine's most respected journalist. In an editorial, he said legislative leaders did the right thing in refusing to allow consideration in 1984 of a proposal to block the Big A project. Pointing out that the state has regulatory boards to consider such projects, Wiggins said, "There seems little point in setting them up if each time a project is proposed the Legislature is going to intervene with an independent solution."

Wiggins has endorsed the project. So has the Lewiston Sun - Journal. No daily or weekly has taken an editorial position against the Big A.

No. 3 Rebuild

In response to a request from Mary Anne Lagasse of the Bangor Daily News, East Millinocket Mill Manager Art Dentremont was interviewed February 1 on the subject of the rebuild of No. 3 paper machine. The rebuilt machine started up January 30. Roger Boynton provided a photograph to illustrate the article which appeared on the newspaper's business page February 2. When the story was rewritten by the Associated Press and distributed to radio stations, confusion developed over when another machine might start up in the mill. Some interpreted the story to indicate another machine was to start up shortly. The Associated Press omitted Dentremont's hope to have a fifth machine running was projected in the third and fourth quarters. A Bangor radio reporter called Dentremont. I asked WMKR in Millinocket to change the story.

Coming Events

On Monday, February 6, the Energy and Natural Resources Committee of the Legislature will consider the nomination of Elizabeth Swain of Pownal to the Land Use Regulation Commission. While this company opposed her nomination by the Governor, Great Northern Paper is not lobbying against her confirmation. The Committee is reportedly divided with many objecting to another person from southern Maine being picked to regulate the unorganized territories.

On Tuesday, February 7, Bob Bartlett and Bob Woodbury, President of the University of Southern Maine, will co-host a South Portland fund raiser for the Maine Council on Economic Education.

On Wednesday and Thursday, February 8-9, LURC will conduct hearings in Augusta on the Natural Resources Council's proposal for regulations to govern hydropower development. Opposition is mounting. Paul Firlotte, Dale Phenicie and I met with State Planning Office Director Dick Barringer to discuss state policy. We also made arrangements for a February 3 briefing for 35 opponents, mailed letters of invitation and followed up with telephone calls. Copies of the proposed regulations with explanatory material were sent several legislators. Byron Weymouth, President of the Katahdin Labor Council, made arrangements to have an AFL-CIO spokesman attend.

"Pro-business Attitude"

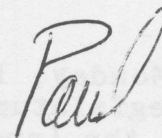
In Fortune magazine, a full-page advertisement promoting the business opportunities in Maine includes this statement:

"State government has taken a decidedly pro-business attitude, one that has been consistently backed by the Legislature and people of Maine."

Other Matters

A contribution of \$6,500 was made to the Pulp and Paper Foundation of the University of Maine...Barbara Waters of the Katahdin Times called MaryAlyce Guy with questions regarding educational requirements in the mills...A \$500 contribution was made to the Romie Pelletier Olympic Fund. Pelletier, a Fort Kent native and son of an employee, is on the U.S. Olympic Wrestling Team which will tour Norway in preparation for the summer games...A one-page advertisement was placed in the "Newspapers in the Classrooms" tabloid being planned by the Portland newspapers March 6...A public hearing on the Dolby III landfill project will be held February 15 in East Millinocket by town officials...State Economist Lloyd Irland will join me in Lewiston February 8 for a discussion of "Marketing Maine's Construction Industry." I will discuss public relations strategies and tactics. The industry has a Maine Advancement Program underway for this purpose...On February 3, the advisory council for a business news program for Maine Public Broadcasting met in Bangor and approved a program format. A \$100,000 fund drive will be launched in the fall when a pilot is completed.

Sincerely



pmc/r
Enclosure

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1851	Revises procedures for appeals under workers' compensation law	Hearing January 18
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Natural Resources

1277	Relating to leases on lands of state	Carried over from 1983
1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Carried over from 1983
1890	Establishes cost of spruce budworm program	
1943	Eliminates need for duplicate applications under spruce budworm law	PIIO supports... hearing January 30
2011	Adds three people to enforcement, educational staff of LURC	

Taxes

1932	Delays tax conformity study deadline to April	Approved
1987	Reimburses towns for taxes lost under Tree Growth Tax Law	Routine
1988	Establishes cost of 1984 Spruce Budworm Suppression Tax at \$7.5 million	Routine
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	

Other Subjects

1930	Delays deadline for filing chemical substance reports	Signed into law
1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Will be withdrawn and replaced with a new version

LEGISLATIVE REPORT

February 6, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1250	New system for classifying waters	Withdrawn
1459	Hazardous waste management proposal and generator tax	Carried over from 1983... PIIO opposes
1837	Training programs for operators of water pollution facilities	Hearing February 1... GNP supports
1891	Designates PCBs as hazardous waste	Hearing January 25... PIIO opposes
1917	Permits air emissions mixing zones within mill yards	PIIO supports
1934	Prohibits hazardous air emissions	
2014	Amends DEP law and fee schedule	
2026	Permits citizen suits under environmental laws	

Labor

495	Exclusive state fund for workers' compensation	Carried over from 1983
497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	Carried over from 1983
1810	Establishes Maine Labor Relations Law	
1824	Changes return to work provisions under workers' compensation	Labor Committee favors bill, 11-2
1851	Revises procedures for appeals under workers' compensation law	Hearing January 18

- 2031 Freezes maximum benefits
under unemployment compensation
law and repeals seasonality
provisions
- 2032 Gives Public Advocate right
to intervene in health and
workers' compensation
insurance rate cases

Natural Resources

- 1277 Relating to leases on lands of state Carried over from 1983
- 1302 Bans fees for public access to public lands Carried over from 1983
- 1768 Revises wood measurement law Carried over from 1983...
opposed by PIIIO
- 1890 Establishes cost of spruce budworm program
- 1943 Eliminates need for duplicate applications under spruce budworm law PIIIO supports...
hearing January 30
- 2011 Adds three people to staff of LURC Hearing Feb. 7

Taxes

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- 1987 Reimburses towns for taxes lost under Tree Growth Tax Routine
- 1988 Establishes cost of Spruce Budworm Suppression Tax Routine
- 2000 Repeals requirement towns provide information under Forest Fire Suppression Tax

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and replaced with a
new version



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

February 13, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending February 10.

LURC: Back in the Headlines

LURC is making headlines, again.

LURC is the Land Use Regulation Commission, a state agency which serves as a combination planning board and code enforcer for the unorganized territory of Maine. The unorganized territory covers ten million acres, mostly forest. There is no local government.

LURC was created by the Legislature in 1969 over bitter objections from most paper and land management companies which owned timberlands in the unorganized territory. The landowners and LURC have been frequently at odds.

This week those long-simmering conflicts produced new headlines. So did a commission hearing on regulations proposed by the Natural Resources Council to harass hydropower developers. The approval of a new commission member stirred up a controversy in the Legislature. Behind the scenes, landowners and state officials were looking to LURC for the solution to another issue: regulation of timber harvesting on privately owned lands in the Allagash Wilderness Waterway.

A spokesman for the Paper Industry Information Office, backed by representatives of three member companies, including Great Northern Paper, testified February 7 in support of legislation adding three persons to the LURC staff. A predictable suspicious press used the occasion to focus on the Sunset Review process from which came the recommendation for additional staff.

The seven foresters on the Land Use Subcommittee of PIIIO and a representative of Seven Islands Land Company spent several months in 1983 working with Portland attorney Dan Boxer in developing a 46-page analysis of LURC for the Audit and Program Review Committee of the

Legislature which conducts the Sunset Review process. When presented in October, the PIIIO analysis found "an extreme bias in favor of recreational, aesthetic, wildlife and ecological resources and a general bias against timber resources and proper management of the timber resource..." Industry asked that members of the LURC staff have forestry background, asked for a technical committee to deal with zoning problems and asked for improved communications between landowners and the agency.

The Brennan administration, legislative leaders, LURC and its staff and the state's environmental establishment came to the defense of LURC. Dave Platt of the Bangor Daily News said that LURC avoided "gloating" after the Audit and Program Review Committee rejected the allegations in the PIIIO report. Phyllis Austin of Maine Times wrote that LURC's staff blamed the report on industry "flunkies." Members of the PIIIO subcommittee say they won recognition on all the critical points. LURC was told to have people with a background in forestry. The commission was told to hold informal meetings with industry. A technical committee will deal with zoning problems.

But if industry made any progress in the Sunset Review process, the public will never know from what they read in the press. What is perceived by industrial foresters as progress is also a public relations disaster.

Meanwhile the commission acquired a new member. Elizabeth Swain of Pownal was confirmed 20-11 by the Senate. Democrats joined Republicans in criticizing Governor Brennan for ignoring Northern Maine people in making appointments to LURC. During a hearing of the Energy and Natural Resources Committee, the nominee said she was "genuinely neutral on the Big A project." Great Northern Paper asked the Governor's office to reconsider her nomination but did not lobby against her once she was nominated. Committee members got Dick Davies, an aide to the Governor, to promise he would tell the Governor the committee wanted people from Northern Maine appointed to LURC. There were unconfirmed reports the Governor had made such a commitment to House Speaker Martin. Ms. Swain did not participate in the February 8-9 LURC hearings on the hydropower licensing regulation proposed by the Natural Resources Council.

State Planning Office Director Richard Barringer, speaking for the Governor, told LURC "we strongly oppose these proposed regulations" because "they would destroy the concept of balance which underlies the Maine rivers policy." Paul Firlotte, Dale Phenicie and a team of experts attacked the regulations which obviously were aimed at the Big A project. After two days, Hank Magnuson of PIIIO wrote, "it was clear that the Governor's position, reinforced by statements by members of the legislative Committee on Energy and Natural Resources, had reduced the hearings to little more than an exercise that LURC was obliged to carry through."

For over a year, a legislative committee has been looking for a way to satisfy Bureau of Parks and Recreation Director Hartman that the "natural character" of the privately owned lands in the Allagash Wilderness Waterway is being maintained. It is a forest management versus recreation issue. The latest solution: turn the problem over to LURC which could zone the waterway as it does other timberlands. Conservation Commissioner Anderson sees merit in the idea.

LURC: Today

Charles A. Blood of North New Portland is chairman of LURC. Blood is frequently quoted as saying that the growth of the forest products industry is proof LURC has not been "unreasonably restrictive." Blood, a wood broker, says it also galls him to hear complaints about the cost of complying with LURC standards. His term and those of two other members expire this year.

The commission's newest member, Ms. Swain, is a forester who used to work for the Maine Audubon Society. Brackett is a retired city manager who holds the "industry" seat. Owens is a biologist who specializes in protecting Maine eagles. Harrington is a woodworker. Walker is the retired director of the Maine Bureau of Forestry. Reynold Raymond runs a sporting goods store in Eagle Lake.

If the Big A project goes forward, this group and their successors will consider a permit.

The commission members with dates their terms expire in parenthesis:

Charles A. Blood, Chairman, North New Portland (July 10, 1984)

Woodbury E. Brackett
Auburn (July 10, 1984)

Ray B. Owens, Jr.
Orono (August 26, 1984)

Beren G. Harrington
Parlin Pond (September 25, 1984)

John Walker
East Livermore (September 6, 1987)

Reynold Raymond
Eagle Lake (September 23, 1987)

Elizabeth Swain
Pownal (February 7, 1988)

The Legislature

In addition to the hearing on legislation providing LURC with three additional staffers, the Energy and Natural Resources Committee also considered a bill making changes in the Department of Environmental Protection and increasing fees. The DEP bill got a poor reception and the Board of Environmental Protection was told the next day L.D. 2014 will probably be withdrawn.

A report on legislation is attached.

MCCI and Taxes

When representatives of the new Maine Chamber of Commerce and Industry took their reply to the legislative Taxation Committee to House Speaker Martin and Senate President Conley, they agreed not to hold a news conference. They also took their complaints to Governor Brennan, who like Conley and Martin, insisted there is no anti-business sentiment in the Legislature. The MCCI reply to the Taxation Committee charged the legislators ignored complaints from businessmen and used out-of-date data in saying taxes were no problem in Maine. Highlights of the rebuttal were published in MCCI's newsletter.

Other Matters

R. F. Bartlett and University of Southern Maine President Bob Woodbury were hosts February 7 for a fund raising breakfast for the Maine Council on Economic Education in South Portland. Twenty persons attended...I responded to questions from Barbara Vincent of the Piscataquis Observer in Dover-Foxcroft regarding the hydropower regulations. Her questions reflected the Greenville area support for the cause of the whitewater rafting industry...When I responded to a telephone call from Dave Allen of Pulp and Paper Magazine, I found Howard Willets had already arranged for the writer to talk with Art Dentremont regarding No. 3 paper machine...A contribution was made to the U.S.A. Olympics Wrestling Fund on behalf of Fort Kent native, Romey Pelletier, who is on the American team. The funds will be used to cover expenses on a tour of Norway before the Olympics...I discussed public relations at a February 9 meeting of Associated General Contractors in Lewiston. Nearly 200 attended.

Coming Events

- February 29- Maine Chamber of Commerce and Industry Day. It's a day for "small business" to turn out and it is not recommended that Great Northern Paper people participate.
- March 14- Paper Industry Information Office legislative conference. Members of a Great Northern Paper delegation will be invited.
- March 23-24- Colby Business Institute. Jim Griffith will be coordinating attendance for the company.
- May 4-5-6- Annual meeting PIIIO, Rockport. The Great Northern Paper delegation will be invited.

Sincerely,

Paul

pmc/r
Enclosure

Distribution:

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R. F. Bartlett	P. I. Firlotte	R. R. Johnson	T. N. Pendleton
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J. P. DeMarrais	K. Y. Hodsdon	A. M. Nemirow	P. F. Yacavone
A. E. Dentremont	P. D. Hubbe	J. F. O'Handley	

LEGISLATIVE REPORT

February 13, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1459	Hazardous waste management proposal and generator tax	Carried over from 1983... PIIO opposes
1837	Training programs for operators of water pollution facilities	Hearing February 1... GNP supports
1891	Designates PCBs as hazardous waste	Hearing January 25... GNP supports
1917	Permits air emissions mixing zones within mill yards	PIIO supports
1934	Prohibits hazardous air emissions	New version in works... Coalition following
2014	Amends DEP law and fee schedule	Expected to be withdrawn
2026	Permits citizen suits under environmental laws	
2036	Hazardous substance 'right to know law'	

Labor

495	Exclusive state fund for workers' compensation	Carried over from 1983
497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	Carried over from 1983
1810	Establishes Maine Labor Relations Law	MCCI opposes
1824	Changes return to work provisions under workers' compensation	Labor Committee favors bill, 11-2
1851	Revises procedures for appeals under workers' compensation law	Hearing January 18

Labor (Continued)

2031	Freezes maximum benefits under Unemployment Compensation Law, repeals seasonality provisions	
2032	Authorizes Public Advocate to intervene in workers' compensation rate cases	MCCI supports

Natural Resources

1277	Relating to leases on lands of state	Carried over from 1983
1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Carried over from 1983... opposed by PIIIO
1890	Establishes cost of spruce budworm program	
1943	Eliminates need for duplicate applications under spruce budworm law	PIIO supports... hearing January 30
2011	Adds three people to staff of LURC	PIIO, GNP supports... Hearing Feb. 7

Taxes

1932	Delays tax conformity study deadline to April	Approved
1987	Reimburses towns for taxes lost under Tree Growth Tax	Routine
1988-1980	Establishes cost of Spruce Budworm Suppression Tax	
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	

Other Subjects

1930	Delays deadline for filing chemical substance reports	Signed into law
1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Will be withdrawn and replaced with a new version



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

February 20, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending February 17, 1984.

The Troubled University

Chancellor Patrick E. McCarthy is retiring within the year.

The post of president on the largest campus in the University of Maine system was left open by the resignation of Paul H. Silverman.

In a January 30 report, the Commission on the Status of Education in Maine said: "In 1968, the State created a University of Maine system for public higher education. It is a good system, with a unique and complex mission. The reasons for its creation remain valid today; the task before us now is to make it better tomorrow. Social and economic changes over the past fifteen years, combined with chronic under funding, have created uncertainty among the system's leaders about the expectations and aspirations of Maine people for public higher education. This uncertainty jeopardizes the welfare of Maine's university system and, ultimately, the quantity of job opportunities and the quality of life in Maine."

In a Husson College talk February 17, a member of the Committee on Academic Excellence said, "The Chancellor and trustees say all is well -- I say all is not well." John E. Menario of Portland and others on the committee organized by Attorney Owen Wells want the Legislature to establish a board of overseers for each of the university's seven campuses.

Governor Brennan is planning to call a special session of the Legislature in June to deal with educational policy -- and questions regarding the state of the university are expected to figure prominently in the debate.

There's growing concern over higher educational policy, hinging primarily on two matters:

1. Who will provide the leadership necessary for the university system -- a system on which companies such as Great Northern Paper depends for talented people?

2. Where will the increased revenues come from for approximately \$17.5 million annually in additional funds for the University, as recommended by the Commission on the Status of Education in Maine? (Overall, the Commission recommends annual spending on public education in Maine be increased by \$73 million.)

When McCarthy decided to step down as Chancellor and was offered a tenured faculty position at \$53,000 late last year, faculty members picketed meetings of trustees. Governor Brennan joined in the criticism of the salary offered McCarthy and the Chancellor decided not to become a professor. There is little speculation about who might succeed McCarthy. The search hasn't formally started. The names of University of Southern Maine President Robert L. Woodbury and State Planning Office Director Richard E. Barringer have been heard. Barringer is executive director of the Commission on the Status of Education in Maine.

Dr. Silverman resigned at Orono after a tumultuous year. A plan he offered to cut back on educational services to agriculture to find more money for campus academic programs created a statewide controversy. Trustees overruled Dr. Silverman. Some legislators say this resulted in Dr. Silverman resigning to avoid being asked to leave. An acting president is expected to be named soon -- possibly Dr. Arthur Johnson, a widely known historian-economist.

While recommending a sweeping public review of the system, the Commission on the Status of Education also said "whatever the outcome of the system review, we strongly recommend that the Legislature and the people of Maine commit themselves unequivocally to raise per capita expenditures for public higher education to a position at least equal to our ranking among the States in per capita income (currently 41st), and accomplish this by the end of this decade."

The Commission was headed by Bates College President Hedley Reynolds and included Robert Masterton of Cape Elizabeth and P. Andrews Nixon of Brunswick from the business community.

The Current Leadership

Thomas F. Monaghan, a Portland attorney, is the chairman of the University's Board of Trustees. Other members are Francis A. Brown, Calais; Severin M. Beliveau, Augusta; Patricia H. DiMatteo, Falmouth; Alan M. Elkins, Portland; Stanley J. Evans, Bangor; Joseph G. Hakanson, Portland; Peter W. Johnston, Caribou; Richard Marshall, Old Orchard; Richard I. Morin, Fort Kent; Robert Boose, ex-officio, Augusta; Harrison L. Richardson, Jr., Portland; Ellen Wasserman, Maryland; Robert Dunfey, Cape Elizabeth; and Geneva Kirk of Lewiston.

The Legislature

Presidents of some union locals in the Millinocket and East Millinocket mills were in Augusta February 16 to urge passage of Legislation which would prevent companies from using Section 66A of the State workers' compensation law for rehabilitation of injured workers. The legislation got preliminary approval the following day in the House of Representatives and is expected to be quickly passed in the Senate.

In the week ahead, committee hearings are scheduled on:

1. A proposed chemical hazardous substance "right to know" law;
2. The revised chemical substance identification law; and
3. The annual proposal to fix the tax industry pays at a level of \$7.3 million to finance the 1984 spruce budworm control program.

A summary of the status of legislation is attached.

Advertising

Attached is a reproduction of an advertisement which is being published in 17 daily and weekly newspapers in the months of February, March and April. The theme "It's our business to see the forest for the trees" was developed by Body and Company, a Portland advertising company. The design of the page is by intent dramatically different from the stress on people in drawings which has been the trademark of Great Northern Paper advertisements in recent years. The objective of this campaign is to increase recognition and support for Great Northern Paper among the general public.

The advertisement will be used twice in the Portland newspapers -- once in the Maine Sunday Telegram and also in the Press Herald Express. The schedule also calls for the advertisement to appear in dailies published in Bangor, Waterville, Augusta, Brunswick, Lewiston and Biddeford and in weeklies in Aroostook County, Millinocket, Lincoln, Ellsworth and Dover-Foxcroft and in Maine Times.

Haggett's Slip of the Lip

When Bath Iron Works President Bill Haggett spoke at the annual meeting of the United Way of Bath January 19, he wasn't aware a reporter was in the audience. The next day's paper carried a story, "Haggett: Business Climate Is Poor." No other paper picked up the story but a clipping finally got to Augusta and leaders at the Legislature and the staff of Governor Brennan called on Haggett to explain how he could say that after the assistance the State of Maine gave BIW in its move to Portland. The newspaper story said:

"Haggett warned that unless the Legislature can determine what benefits workers really need and what is excessive, business will not survive...Worker compensation laws in the state are so liberal that abuse is encouraged and the work ethic eroded, he said. 'More and more individuals are taking advantage of that law,' he said."

Other Matters

We hosted a luncheon February 16 for representatives of several companies to organize a core group with the Maine Chamber of Commerce and Industry to promote tax conformity. Attorney Jim Good will be retained....I made a radio tape for a Portland radio station February 21 responding to statements by Joe Foran of the Natural Resources Council regarding the Big A project....I accepted a position on the advisory committee for the Land and Water Resources Center of the University of Maine at Orono....With help from Art Dentremont, I provided Carol Braslin of Paper Trade Journal with information on the rebuild of No. 3 paper machine at East Millinocket....An advertisement calling for safety in the timberlands was placed in a special snowmobile festival section of the Katahdin Times....I helped Bangor Daily News staffer Mary Anne Lagasse with preparation of a story on the paper industry for a special business report of the newspaper....A second fund-raising breakfast for the Maine Council on Economic Education was held in Portland with R. F. Bartlett and Dr. Woodbury again serving as hosts....Bob Bartlett and Tom Flanagan also met with John Menario at his suggestion to discuss workers' compensation. Menario is chairman of a special study commission....In Portland, I visited Westbrook College which will be asking for financial support and met with Ed Kaelber of the Maine Community Foundation.

Sincerely,

Paul

pmc/g
Enclosures

Distribution:

E. E. Allain	W. M. Dillaway	C. A. Hutchins	P. P. Paul
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LEGISLATIVE REPORT

February 20, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1459	Hazardous waste management proposal and generator tax	Carried over from 1983... PIIO opposes
1837	Training programs for operators of water pollution facilities	Hearing February 1... GNP supports
1891	Designates PCBs as hazardous waste	Hearing January 25... GNP supports
1917	Permits air emissions mixing zones within mill yards	PIIO supports
1934	Prohibits hazardous air emissions	New version in works... Coalition following
2014	Amends DEP law and fee schedule	Expected to be withdrawn
2026	Permits citizen suits under environmental laws	
2036	Hazardous substance 'right to know law'	Hearing February 22

Labor

495	Exclusive state fund for workers' compensation	Carried over from 1983
497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	Carried over from 1983
1810	Establishes Maine Labor Relations Law	MCCI opposes
1824	Changes return to work provisions under workers' compensation	Give preliminary okay in House
1851	Revises procedures for appeals under workers' compensation law	Hearing January 18

Labor (Continued)

2031	Freezes maximum benefits under Unemployment Compensation Law, repeals seasonality provisions	
2032	Authorizes Public Advocate to intervene in workers' compensation rate cases	MCCI supports

Natural Resources

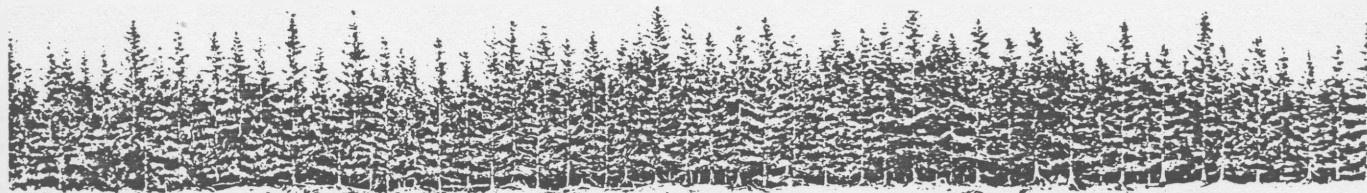
1277	Relating to leases on lands of state	Carried over from 1983
1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Carried over from 1983... opposed by PIIIO
1890	Establishes cost of spruce budworm program	
1943	Eliminates need for duplicate applications under spruce budworm law	PIIO supports... hearing January 30
2011	Adds three people to staff of LURC	PIIO, GNP supports... Hearing Feb. 7

Taxes

1932	Delays tax conformity study deadline to April	Approved
1987	Reimburses towns for taxes lost under Tree Growth Tax	Routine
1988-1980	Establishes cost of Spruce Budworm Suppression Tax	Hearing February 23
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	

Other Subjects

1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Hearing February 22
2084	Delays deadline for filing chemical substance reports	Signed into law



It's our business to see the forest for the trees.

Our business is similar to many other manufacturing businesses. Like other manufacturers, we produce a product from a raw material. But unlike other manufacturers, our raw material takes fifty to sixty years to mature. And it's subject to the whims of nature, plus the comings and goings of mankind.

All of this makes it very necessary for us to pay close attention to the general overall welfare of our manufacturing material, a material which also happens to be a Maine heritage. And we do pay close attention. When nature needs an assist, we act accordingly. When it needs to be left alone, we leave. And so we're constantly working to provide the right balance between hands-off and hands-on. Maine's forests, including her rivers, are also our heritage, as well as our business.

One way we give nature a hand at maintaining the right balance in the forest is by planting two million seedlings every year. Usually the new crop comes naturally, but we want to make sure there's plenty of growing timber long after our generation has passed.

We support a carefully planned, well-managed spraying program, one aimed at protecting trees from the spruce budworm. This program is keeping millions of trees alive. And it must be continued. Because if we don't spray today, we'll all pay tomorrow.

Also, while we are assisting nature, nature is returning the favor. Take hydro power as an example. It's one of the least expensive, most non-pollutant forms of natural energy known to man. Right now 50% of Great Northern Paper's extensive electric power needs are hydro supplied. But if we are going to compete, there is a need for more hydro power. And we believe thoughtful, well-researched hydro development may be one way for us to meet those needs and remain competitive in the marketplace.

We don't have all the answers. But our staff of foresters, engineers, businessmen and women, plus all their back-up people, are busy with the kind of long-term planning necessary to accommodate the needs of business and industry, as well as of nature and mankind.



Great Northern Paper
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Paul K. McCann
Manager Public Affairs

February 27, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending February 24, 1984:

Taxing the Forest

Legislators in Augusta are discussing taxes on timberlands for protection from fire and insects.

Washington County officials are considering using funds generated from such taxes for industrial development loans.

With 90 percent of this state covered by commercial forests, the Legislature frequently is involved in matters relating to taxes on timberlands.

The two primary methods of taxing forests in Maine resulted from actions of the Legislature in the 1970s. The Tree Growth Tax Law was approved in 1973 and provides a statewide formula under which towns and cities assess taxes on forests. It is essentially a system that values forest land as forest land, and not at its value for some potential higher use. Critics say the law provides an unfair tax break for owners of timberlands but repeated attempts to repeal the law have been unsuccessful. Following repeal of the statewide property tax in 1977, the Unorganized Territory Educational and Services Tax was imposed. The basis for taxation is services provided, such as fire protection and schools, in the half of the state without local government. Projected annual costs of services become the total of a tax assessed on the basis of tree growth tax valuation.

In 1983, a new system for raising taxes to pay for fire control programs was instituted. The cost of services in the unorganized territory increased, resulting in a new law requiring closer scrutiny of such expenditures. Overall taxes on company timberlands increased 18 percent, approximately \$365,000.

Here's the latest:

Forest Fire Control Tax - A hearing will be held March 5 at 1:30 p.m. in Room 228 of the State House on the recommendation of the Forest Fire Advisory Council to substitute a tax on all property statewide for the system created a year ago. In 1983 only owners of parcels of over 100 acres were taxed. Instead of a direct state tax on landowners in cities and town, the Council proposes that the tax be collected by the communities and through the Unorganized Territory Education and Services Tax.

E. B. Harvey of the woodlands department, a council member, comments:

"If the legislation were to pass as recommended, the fire protection cost per acre in the unorganized territories would be reduced by 9.49 cents, while in the organized territories the per acre charge would be reduced by 9.70 cents. Because of the way the tax would be assessed, it is not possible to convert the per acre cost directly into a tax bill...A rough estimate of the reduction in fire protection costs to be assessed to the unorganized territories is \$600,000. Great Northern Paper's share of this will be approximately \$162,000."

Bart cautions his estimates would change if the Council's proposal is modified and the Paper Industry Information Office is promoting an amendment putting a cap on the impact of the change, limiting it to 2 percent of a town's valuation. The change would eliminate an objection of House Speaker Martin.

The Council proposal for taxing all acres would increase the present base of 12.8 million acres to 18.8 million. The 1984 fire control budget is \$5.6 million. The Council proposes one third come from the General Fund, the remainder from the new tax.

With the Maine Municipal Association lobbying vigorously against having the tax collected by cities and town, this issue is going to be one of the most controversial of the year.

Industrial Development Loans - Washington County commissioners will hold hearings February 27 and 28 on a proposal from Republican Harry Vose of Eastport to divert half of a \$600,000 surplus in the county's Unorganized Territory fund for industrial development loans.

Acting after allegations that county officials were improperly tapping the unorganized territory funds, the Legislature in 1983 adopted new guidelines. Limits were placed on accumulating surplus funds. In Washington County, they have \$600,000 which must be spent or used to reduce taxes. Vose and several other legislators favor a loan fund for small businesses in the unorganized territories.

Attorney Donald W. Perkins will provide Georgia-Pacific with an opinion that county commissioners lack authority to use the funds for economic development loans.

Spruce Budworm Control - Great Northern Paper's Marcia McKeague, speaking before the PIIIO spruce budworm subcommittee, endorsed February 23 at a legislative hearing the Bureau of Forestry proposal to tax landowners \$5.5 million to pay for the 1984 spruce budworm control program. This company's share would be \$3,600,000. Bureau of Forestry spokesman told the Taxation Committee that the small landowner assistance program should be deleted from the budget. Industry had asked for this action. This routine legislation is expected to be approved without trouble.

The Legislature

With the current 50-day session halfway completed, legislative leaders have established April 13 as a target date for adjournment. In the past week, the Energy and Natural Resources Committee heard a new version of the law regulating chemicals in the workplace opposed by educators, medical associations and small businesses at a day-long hearing. Coming up February 28 will be hearings (1) to increase the total of wages under the Unemployment Compensation Law and extend surcharges and (2) to regulate timber harvesting in the Allagash Wilderness Waterway.

A summary of legislation is attached.

PIIO Briefing

Because corporate officials of several member companies have indicated a concern about the high costs of Maine's workers' compensation, a briefing will be included in the agenda for the meeting of PIIIO directors March 14, the day of the organization's annual legislative conference. Members of the industrial relations committee of PIIIO will be invited to join the group. Roger A. Mallar, chairman of the Speaker's Committee of Workers' Compensation, and John L. Salisbury of the Employers' Coalition for Workers' Compensation Reform will speak.

Computers and Economic Development

That will be the theme for the eleventh annual Governor's Economic Development Conference, a project of Dr. Arthur M. Johnson, acting president of the University of Maine at Orono. Among the speakers will be J. M. Giffune and L. O. House of Great Northern Paper who will discuss the role of computers in woodlands management.

Tax Conformity

T. W. Kelly of Great Northern Paper was one of seven persons appointed to the Review Committee on Tax Conformity. The Legislature created the committee to conduct a general review of the issue of state-federal tax conformity and, by April 1, report its conclusions and recommendations. The group of Maine Chamber of Commerce and Industry members promoting tax conformity held a second meeting February 23 in Augusta.

Other Matters

Cheryl Hutchins pointed out the mistake in the "It's our business to see the forest for the trees advertisement." A "m" was left out of the word "accommodate." Cheryl's maple syrup has been shipped...Attached is a copy of a revised fact sheet on Maine pulp and paper mills. The information was collected prior to the announcement of the permanent shutdown of a machine at East Millinocket...Jack Faulkner of the Presque Isle Star-Herald called with questions regarding zoning and the future of recreation in the forests of Northern Maine...Because of labor negotiations, a request of WAGM-TV to do a television report on the Pinkham mill was turned down for now. Reporter John Logan is doing a half-hour program on the woods product industry in Aroostook...Fred Hirsch of WDME radio in Dover-Foxcroft called with questions regarding closing of logging roads as a result of the February thaw...Pat Foster of the Moosehead Messenger (Greenville) called with questions regarding the thaw and closing of logging camps and also for information on the Big A project...Robert Kimber, a free-lance writer from Temple, called for information on the Big A project. He is preparing a story for the new New England Monthly magazine...At Phil Paul's request, I called Senator Cohen's office for information on proposed legislation dealing with booking of travel arrangements by companies such as Great Northern Paper. Trade association sources say the bill would require using travel agents. Dale Geary of the Senator's staff is checking the facts...

Sincerely,

Paul

pmc/r
Enclosures

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LEGISLATIVE REPORT

February 27, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1459	Hazardous waste management proposal and generator tax	Carried over from 1983... PIIO opposes
1837	Training programs for operators of water pollution facilities	Hearing February 1... GNP supports
1891	Designates PCBs as hazardous waste	Hearing January 25... PIIO opposes
1917	Permits air emissions mixing zones within mill yards	PIIO supports
1934	Prohibits hazardous air emissions	New version in works... Coalition following
2014	Amends DEP law and fee schedule	Expected to be withdrawn
2026	Permits citizen suits under environmental laws	
2036	Hazardous substance 'right to know law'	Hearing February 22... MCCI opposes

Labor

495-497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	Carried over from 1983
1810	Establishes Maine Labor Relations Law	Hearing March 8... MCCI opposes
1824	Changes return to work provisions under workers' compensation	Approved
1851	Revises procedures for appeals under workers' compensation law	Hearing January 18

Labor (Continued)

2031	Freezes maximum benefits under Unemployment Compensation Law, repeals seasonality provisions	MCCI supports
2032	Authorizes Public Advocate to intervene in workers' compensation rate cases	MCCI supports
2087	Increases covered wages under unemployment compensation	Hearing February 27

Natural Resources

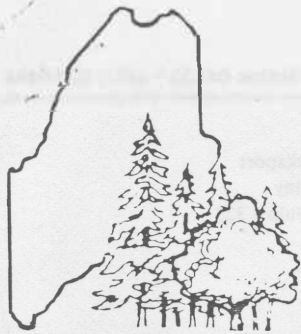
1277	Relating to leases on lands of state	Carried over from 1983
1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Carried over from 1983... opposed by PIIIO
1943	Eliminates need for duplicate applications under spruce budworm law	PIIO supports... hearing January 30
2011	Adds three people to staff of LURC	PIIO, GNP supports... Hearing Feb. 7
2069	Land Use violations enforcement	PIIO opposes
2086	Regulates timber harvesting in Allagash Waterway	Hearing February 28

Taxes

1932	Delays tax conformity study deadline to April	Approved
1987	Reimburses towns for taxes lost under Tree Growth Tax	Routine
1988-1980	Establishes cost of Spruce Budworm Suppression Tax	Hearing February 23... GNP, PIIIO supports
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	
2093	Fire Control Tax	GNP, PIIIO supports

Other Subjects

1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Hearing February 22... MCCI opposes
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1984 PULP & PAPER INDUSTRY IN MAINE

Summary

BOISE CASCADE PAPER GROUP

Employees 1,775
Products commercial printing, periodical publishing, book, converting papers
Timberlands 598,259 acres
Mill location Rumford
Capacity - tons/day
Groundwood pulp - 140; TMP - 140
Kraft pulp - 860
Paper - 1,450
Paper machines 11

EASTERN FINE PAPER, INC., Div., Eddy Forest Products, Ltd.

Employees 500
Products bond, book, business, duplicating, index, silicone, gum coated specialty papers
Mill location Brewer
Capacity - tons/day
Paper - 170
Paper machines 3

FRASER PAPER, LIMITED

Employees 1,100
Products bonds, books, coated fine, directories, publication, catalogues, specialty papers
Mill location Madawaska
Capacity - tons/day
Paper, 1,200
Paper machines 8

GEORGIA-PACIFIC CORPORATION

Employees 1,200
Products market pulp, specialty and fine papers, building products
Timberlands 544,000 acres
Mill location Woodland
Capacity - tons/day
Kraft pulp - 650
Paper - 300
Studs - 50,000,000 bd.ft./yr.
Waferboard - 166,000,000 sq.ft./yr.
Paper machines 1

GREAT NORTHERN PAPER COMPANY

Employees 4,100
Products uncoated grades - catalog, directory, business forms, newspaper publishing and other bleached and unbleached printing paper. Coated grades - magazine, workbook, catalog and commercial printing.
Timberlands 2.1-million acres
Mill location East Millinocket
Capacity - tons/day
Groundwood pulp - 725
Paper - 1,000
Paper machines 6
Mill location Millinocket
Capacity - tons/day
Groundwood pulp - 737
Refiner groundwood - 100
Sulphite pulp - 650
Paper - 1,400
Paper machines 11
Other mills
Portage Lake
Chips - 185,000 cords/yr.
Ashland
(Pinkham Lumber Co.
Div. of Great Northern)
Lumber - 90,000,000 bd.ft./yr.

INTERNATIONAL PAPER COMPANY

Employees 1,727
Products bond papers, tablet, business forms, carbonizing tissue, machine coated publication, envelope papers, wood products
Timberlands 1,101,137 million acres
Mill location Jay
Capacity - tons/year
Paper - 501,000
Paper machines 5
Other mills
Presque Isle
Cartons
Masardis
Lumber/spruce-fir

JAMES RIVER CORPORATION Old Town Mill

Employees 918
Products market pulp, tissue products
Mill location Old Town
Capacity - tons/day
Kraft pulp - 600
Paper - 190
Paper machines 2

Other mills

Milo
Chips - 97,000 cords/yr.
Houlton
Chips - 78,000 cords/yr.
Costigan
Chips - 52,000 cords/yr.

JAMES RIVER-OTIS, INC.

Employees 250
Products conductive copy base, carbonizing bond, specialty coating base, carbonless base, release base paper
Mill location Jay
Capacity - tons/day
Paper - 135
Paper machines 2

KEYES FIBRE

Employees 953
Products formed fiber plates, dishes, cake circles, trays, egg cartons, filler flats, fruit packs, interior packaging
Mill location Shawmut
Capacity - tons/day
Groundwood pulp - 120
Mill location Waterville
Capacity - tons/day
Molded pulp - 225

LINCOLN PULP & PAPER COMPANY Div., Preco Corporation

Employees 600
Products bond, duplicator, offset, xerographic copy paper, wet-strength tissue
Mill location Lincoln
Capacity - tons/day
Kraft pulp - 350
Paper - 260
Paper machines 4

MADISON PAPER INDUSTRIES

Employees 280
Products uncoated groundwood super calendered printing papers
Mill location Madison
Capacity - tons/day
Groundwood pulp - 285
Paper - 600
Paper machines 1

PEJEPSCOT PAPER DIVISION
The Hearst Corporation**Employees** 330**Products** specialty papers, school construction, groundwood offset printing, s.s. groundwood printing, converting, commercial printing papers, business forms**Timberlands** 63,000 acres**Mill location** Topsham**Capacity** - tons/day

Groundwood pulp - 160

Paper - 170

Paper machines 3**SCOTT PAPER COMPANY****Packaged Products Div.****Employees** 769**Products** specialty, tabulating card, wax base paper, towels, sanitary tissue papers**Mill location** Winslow**Capacity** - tons/day

Paper - 450

Paper machines 5**S.D. Warren Div.****Employees** 2,550**Products** book, coated cover, commercial printing, converting graphic, specialty papers**Mill location** Skowhegan**Capacity** - tons/day

Kraft pulp - 900

Paper - 600

Paper machines 1**Mill location** Westbrook**Capacity** - tons/day

Kraft pulp - 300

Paper - 600

Paper machines 5**Natural Resources Div.****Employees** 304**Timberlands** 860,000 acres**Location** Fairfield**ST. REGIS PAPER COMPANY****Employees** 1,125**Products** coated printing papers for magazine and catalogue publishers, wood products**Timberlands** 760,000 acres**Mill location** Bucksport**Capacity** - tons/day

Groundwood pulp - 325

Paper - 1,125

Paper machines 4**Other mills**

Costigan

Studs - 66,000,000 bd.ft./yr.

Chips - 67,000 BDT

STATLER TISSUE CORPORATION**Employees** 600**Products** household tissues, towels, napkins**Mill location** Augusta**Capacity** - tons/day

Paper - 150

Paper machines 3**U. S. GYPSUM COMPANY****Employees** 190**Products** insulation board**Mill location** Lisbon Falls**Capacity** - tons/day

Groundwood pulp - 130

Wood fiberboard - 384,000 sq.ft./day

YORKTOWNE PAPER MILLS
OF MAINE, INC.**Employees** 75**Products** chipboard, boxboard, laminated, tube stock, wrapper, roll headers**Mill location** Gardiner**Capacity** - tons/day

Paper - 80

Paper machines 1**INDUSTRY TOTALS**

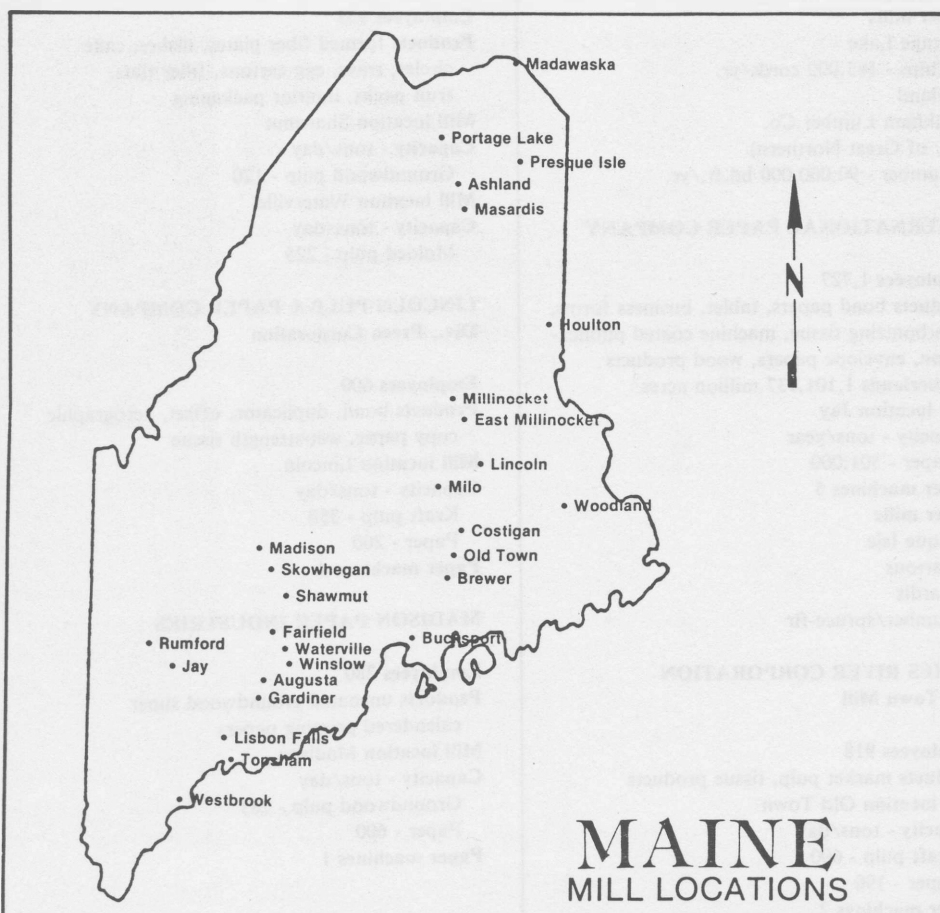
companies.....	18
employees.....	19,346
timberlands.....	6,026,396 acres
locations.....	28 communities

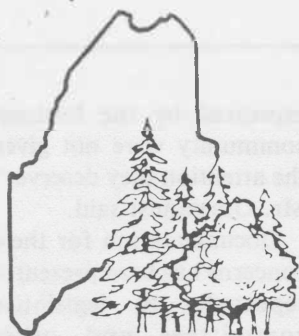
MILL TYPES

pulp.....	14
paper.....	18
paper machines.....	76
(capacity 11,478 tons/day)	
molded pulp.....	1
fiberboard.....	1

OTHER COMPANY OWNED MILLS

stud/lumber.....	4
(capacity 206-million bd.ft./yr.)	
satellite chip plants.....	5
(capacity 479,000 cords/yr.)	
converting (cartons).....	1
waferboard.....	1
(capacity 166-million sq.ft./yr.)	





news paper

PAPER INDUSTRY INFORMATION OFFICE

133 State St., Augusta, Me. 04330 • (207) 622-3166

Henry A. Magnuson, Executive Director

David A. Sargent, Editor

February 1984

MAINE'S BUSINESS CLIMATE: THE DISCUSSION IS NOT CLOSED

"If we can't produce and deliver a ton of paper for less than our competitors, we lose our customers. It's as simple as that."

Maine's paper industry has a continuing concern about this state's business climate, both real and perceived.

A dialogue begun in November between the industrial community and the legislative Committee on Taxation brought to light an important body of information and testimony aimed at reversing the acknowledged decline in Maine's attractiveness for business. In the view of Maine's paper industry, the recent Business Climate Study Report of the Committee on Taxation does not address the many problems related to this issue. It suggests that the business climate can be improved by talking positively about Maine's assets. It ignores the documented facts which identify specific problems needing direct attention.

Results of studies show that outside of Maine, negative perceptions about Maine's business climate

are all too common. Testimony before the Committee on Taxation emphasized that high taxes, high worker's compensation costs, restrictive regulatory measures and difficult marketing and transportation conditions all provide ample evidence of the real shortcomings in Maine's business climate.

Saying that it is otherwise will change neither the real nor the perceived situation. The issue must be addressed and solutions must be found, paper industry leaders believe.

"It is inconsistent, it seems to me, for Maine to burden its major industries with higher costs at the same time our elected officials are proclaiming the need to grow economically."

Donald W. Hopkins, vice president of Pejepscot Paper Division of The Hearst Corporation and president of the Paper Industry Information Office, told members of the legislative Committee on Taxation at its November public hearing, "Industry was targeted for increased

taxes in 1983 . . . higher corporate income tax rates and higher taxes on our forest lands and those of others who help supply the raw material for our mills. This action came in spite of statements from Maine business leaders in connection with consideration of the so-called unitary tax amendment . . . another act which was not helpful.

"It is inconsistent, it seems to me, for Maine to burden its major industries with higher costs at the same time our elected officials are proclaiming the need for Maine to grow economically, to attract new industry and to help existing industry to provide more jobs for Maine people.

"I can assure you that it does not help the paper companies, who provide the most high-paying jobs in the state, by adding to a tax burden already among the highest in the country. It should be obvious that such action does not enhance the business climate in Maine," he said.

"Generally, tax burden is about the same wherever you go or, at least, the

range from low to high tax burden is pretty narrow. However, all other factors being about equal, a tax differential can be the straw that breaks the proverbial camel's back. And in the case of Maine, we do have an adverse tax differential compared to other states.

"Maine has a lot of plusses as a place for industry to locate . . . and a lot of drawbacks . . . and the balance sheet is generally negative for most major industries."

"Competition in the paper industry is keen. It's a big volume, small profit-margin industry. Costs per unit of production are critical. If we can't produce and deliver a ton of paper for less than our competitors, we lose our customers. It's as simple as that," Mr. Hopkins said.

"Maine has a lot of plusses as a place for industry to locate . . . and a lot of drawbacks . . . and the balance sheet is generally negative for most major industries. For the paper industry, the big plusses that got us started in Maine are still the major factors in keeping us alive today.

These are ample supplies of water for power and process . . . forests as a source of raw material . . . and a highly motivated work force. The most important negatives include tax burden, regulatory constraints and mandated costs, and the cost of energy and transportation to markets.

"... no corporation is going to invest a lot of its capital in Maine when it can get a better return on its investment in another state."

"The plusses still have a slight edge on the balance sheet for paper companies already firmly established here, but the balance has narrowed to the point where nearly one-fourth of all the paper companies in Maine were forced to shut down in recent years, and no completely new paper company has been established in Maine for a long time.

"Paper industry expansion in Maine has been by the established companies . . . each of them having been taken over by an outside corporation with greater financial resources and a willingness to invest enough to make a Maine mill more efficient and able to compete despite the drawbacks already mentioned.

"A corporation will invest a certain amount of capital in Maine to protect the investment already here, and that's exactly the kind of capital infusion Maine has enjoyed from the paper industry in recent years, but no corporation is going to invest a lot of its capital in Maine when it can get a bet-

ter return on its investment in another state," Mr. Hopkins concluded.

The paper industry is not alone in its analysis of the state's problems in attracting and holding business. The Maine Chamber of Commerce and Industry, which is the newly-merged successor to Associated Industries of Maine and the Maine Chamber of Commerce, recently spoke out loudly and clearly for a realistic look at the specific concerns raised by Maine's industrial community.

Thomas A. Greenquist, president of Bangor Hydro-Electric Co. and MCCI chairman, stated his organization's position in Augusta on February 6, 1984.

He said, "The Maine Chamber of Commerce and Industry is both concerned and disappointed over the Business Climate Study Report issued recently by the legislative Committee on Taxation. The report generally fails to address in any substantive manner the many specific concerns expressed to the Committee by representatives of the business community. It fails to acknowledge the serious adverse effect that recent actions in the taxation area and the state's regulatory policies have had on the business climate in Maine. The report also draws incorrect conclusions relative to the importance of taxes, the comparative tax burden on businesses in Maine and the current business climate in Maine.

"MCCI is disappointed that the report does not recognize that substantive problems need substantive

solutions and that the deteriorating condition of the business climate in Maine cannot be remedied simply by saying good things about the State.

"It is disturbing that the many concerns expressed by the business community were not given the attention they deserve."

"In light of the fact that the rate of economic growth in Maine is admittedly poor and that the per capita income of the people of Maine is among the lowest in the nation, it is disturbing that the many concerns

expressed by the business community were not given the attention they deserve," Mr. Greenquist said.

Documentation for these concerns has been presented repeatedly to legislative committees and other groups. They were all brought into sharp focus at the public hearing on Maine's business climate before the legislative Committee on Taxation last November and underscored again this month by the MCCI call for substantive action.

Concurrent activities to revise Maine's high-cost Workers Compensation

PAF Maine's



One cord of wood, usually 8 feet long, actually contains enough wood to reach the consumer in a great many ways, or as 30 Boston rockers.

1 cord of wood yields - 1,000
1 cord of wood yields - 942
1 cord of wood yields - 61,
1 cord of wood yields - 4,38
1 cord of wood yields - 460
1 cord of wood yields - 89,
1 cord of wood yields - 1,20
1 cord of wood yields - 2,70
1 cord of wood yields - 250

Building an average 1800 sq. ft. house takes 20 cords.

20% of a cord of wood more than half of the US forest is used for mulches and is used for vitamins, plastics, explosives and many other items.

System make it clear that corrective action is needed before Maine can claim a truly positive business climate.

In a Paper Industry Information Office presentation before the Workers Compensation Study Commission in Bangor on February 2, Henry A. Magnuson, PIIO executive director, outlined several areas in which Maine's paper mills operate at a competitive disadvantage in workers comp costs.

"The Paper Industry Information Office undertook a survey last year of workers comp costs for

paper companies in Maine and in 10 other papermaking states for the year 1981," Mr. Magnuson said.

Benefit payments for workers compensation were almost 20 times greater than the average for the other ten states.

"A composite of the returns from 12 pulp and paper companies operating in Maine and with plants in 10 other states shows that self-insured costs of providing workers compensation coverage for employees is higher in Maine than in any of the other states and is more than three times

higher in Maine than the average for the other states.

"The high costs of Maine's workers comp system apply to state and local government including school systems as major employers. And since these costs, whether through self-insurance costs or in payment of premiums for insurance, have to be borne by the taxpayers, there is a public tax burden estimated at upwards of \$100-million dollars a year," he continued.

"Now, what is it that makes Maine workers comp costs so high?" he asked.

"Benefit payments in Maine were almost 20 times greater than the average for the other ten states (Maine \$822,851; ten-state total \$412,738)," Mr. Magnuson said.

"As a cross-reference on comparative costs we learned that medical costs in the other ten states averaged only slightly higher than Maine's (\$69,450 compared to \$61,996), and that compensation payments in the other states were generally less than the medical costs.

"It costs my company more tax dollars to produce a job in Maine than it does in any of the other 39 states where we operate."

In Maine, compensation payments were more than 13 times greater than medical costs (\$822,851 for comp and \$61,996 for medical).

Testimony before the Taxation Committee by representatives of several Maine paper companies reinforce these findings and other examples of disadvantage in Maine's business climate.

Newland A. Lesko, Androscoggin Mill manager, International Paper Company, said, "The economic development climate . . . is rather tragic. It costs my company more tax dollars to produce a job in Maine than it does in any of the other 39 states where we operate."

He noted that IP has higher costs in Maine than in other states for workers comp, energy, transportation and environmental

ERMAKING

Foremost Industry

en as a pile of four-foot logs piled four feet high and eight
ut 80 cubic feet of solid wood. That cord of wood might
any forms . . . as 7,500,000 toothpicks, as 12 dining room
Or, in its many forms as a paper product .

000 lbs. of paper (depending on the process)

0. books

10 envelopes (standard)

0 commemorative-size postage stamps

personal checks

heets of letterhead bond paper (8½ x 11)

opies of the *National Geographic*

opies of the average daily paper (35 pages)

es of the *Sunday New York Times*

re foot home uses 10,000 board feet of lumber - equivalent

rk, By-Products and Energy

e bark. Bark, wastewood and pulping liquors provide more
ry's energy needs. Bark is also a source of many chemicals
oil conditioners. By-products from wood also end up as
otographic film, toothpaste, and pharmaceuticals, to name a



Maine Paper Production

Source: U.S. Dept. of Commerce, Bureau of the Census
Current Industrial Reports
Pulp, Paper, and Board
(Series M 26 A)

1982	3,137,112
1981	3,282,740
1980	3,230,038
1979	2,906,053
1978	2,883,574
1977	2,833,911
1976	2,800,516
1975	2,441,445
1974	2,746,944
1973	2,767,644

compliance. He pointed out that these factors put IP's Maine mill at a competitive disadvantage in the marketplace and, also, inside the corporation for capital investment dollars.

Bruce Augustadt, controller, Northern Timberlands, St. Regis Corporation, described interstate competition for corporate investment money and how investment decisions are based on prospects for highest return in one location versus another.

Legislators must "... create an atmosphere and provide incentives for business to locate and grow and earn the state's way to prosperity."

Augustadt stressed that the Bucksport mill purchased more than \$50-million for goods and services last year from nearly 500 Maine-based companies, pointing out that these were "dollars that flow into Maine from outside the state." He observed that Maine's business climate, which used to be favorable, has been slipping away during the last 5-10 years.

David G. McAlary, controller, Fraser Paper, Ltd., called on legislators to abandon their apparent policy of targeting larger industries for tax increases.

"One alternative to increasing taxes may be the broadening of the tax base through incentives aimed primarily at encouraging the growth of secondary industry, which must be viewed as the wave of the future. In order for secondary industry to grow,

primary industry must remain healthy and be provided with the necessary incentives to promote growth and to expand," he commented.

McAlary described how Canadian federal and provincial incentive programs in the last 3½ years assisted 336 firms to create 1700 new jobs in New Brunswick, increasing the tax base by \$14-16-million.

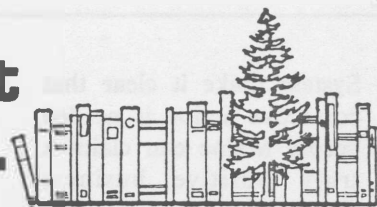
Jack Chinn, president, Madison Paper Industries, pointed out that his young company is a "stand alone" facility that "has no alternative but to produce paper and compete in the marketplace with facilities that have lower costs from a tax and raw materials standpoint elsewhere."

He called on legislators "to create an atmosphere and provide incentives for business to locate and grow and earn the state's way to prosperity."

"We would ask you to seriously consider restricting and stopping increases in the cost of state government, as well as review equitable ways to fund the state's financial requirements," he said.

James G. Good, Esq., representing the Paper Industry Information Office, told the Taxation Committee about the PIIIO Tax Comparison study and preliminary findings. He used an enlarged bar graph and distributed copies of tables showing that Maine imposes a higher combination of taxes than any other major pulp and paper producing state.

Looking at Books . . .



Next time you pick up a book, look carefully at the paper used in it, for the papermaker's art has contributed importantly toward the beauty and utility of what you hold.

The mood evoked by the author may be enhanced by a blue-white, soft-white or cream-colored paper. Poetry and fiction are often published so. Extended reading, as a novel invites, becomes less tiring on a soft-white background.

Surface texture, such as an antique finish, also contributes to the mood of a book. But glossy, enameled papers are required for high-fidelity reproductions in art and medical texts. And matte-coated papers excel in reproducing lithographs and half-tone photos.

Books with lengthy texts may require lightweight pages to keep their bulk manageable. Properties of strength then become im-

portant. Opacity is a consideration to prevent photos and other heavy ink coverage from showing through. Non-permanent papers are adequate for workbooks, coloring books and paperbacks destined for short life. But acid-free papers from bleached-chemical wood fiber are the choice for library editions and archival works.

Finally, the paper must be designed for the printing method . . . letterpress, lithography, sheet-fed, web offset . . . to be used. And there are other technical concerns . . . grain direction of the pages should parallel the spine to minimize buckling during binding; the paper must not crack in saddle-wire binding; it must absorb glue in adhesive binding; it must not shatter or tear in trimming.

So examine a book closely. It is truly a tribute to the papermaker and his art.



MAINE NOTES

The annual Maine Legislative Conference sponsored by the Paper Industry Information Office will be held Wednesday, March 14, 1984 at the Augusta Civic Center. A PIIIO Board of Directors meeting will take place at 1:30 p.m. prior to the legislative workshop sessions which begin in the Penobscot Auditorium at 3:30 p.m.

The workshop subjects and leaders are: Taxation - Rodney L. Scribner, Com-

missioner, Finance & Administration; Workers' Compensation - Charles D. Devoe, Chairman, Workers' Compensation Commission; Intensive Forest Management - Lloyd C. Irland, State Economist; Hazardous Substances - Frank H. Lawrence, M.D., Envirologic Data.

The featured speaker following the 6:45 p.m. banquet will be John P. Fisher, Chairman of the Board, Fraser Paper, Ltd.



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

March 5, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Mr. Noyes:

With only a few weeks remaining in the current session, news of the Legislature dominates this newsletter of the Public Affairs office:

The Legislature: Busy Days

There have been developments in Augusta on two items of high priority on the legislative scene -- the conforming of the state and federal tax codes, and the taxing of timberlands to pay for fire control programs. With a mid-April target for adjournment, the pace of legislative activity is picking up.

The Review Committee on Tax Conformity met March 1 to organize for their study and report to the Legislature. The Committee was created in 1983 as a result of industry criticism when the Legislature denied corporations the benefits which would result from the accelerated depreciation provisions of the new federal law. Maine is one of 10 states which have balked at the approach to stimulating investment; 36 have done so. The Review Committee's first meeting was devoted to getting organized, reviewing background and defining positions. The committee meets again March 8 and has an April deadline to report. Tom Kelly is a member. A support group has been organized within the Maine Chamber of Commerce and Industry to promote conformity and attorney Jim Good of Pierce-Atwood is coordinating the effort. Great Northern Paper, Bath Iron Works and Scott Paper Company are the chief promoters within the group.

Hopes of those promoting tax conformity got a boost from Governor Brennan during an MCCI legislative day at the State House. In remarks, the Governor acknowledged business people had understandable concerns over the cost of workers' compensation insurance and the lack of tax conformity.

On another tax issue, the Brennan administration has done a complete flip-flop. A year ago, the Governor's staff was urging a new state tax on woodlands collected for the state by towns and cities. Now lobbyists say the Governor has sided with the Maine Municipal Association which opposes using the property tax mechanism for collecting the tax. This will put the Governor and House Speaker John Martin at odds when the Taxation Committee holds a public hearing March 5.

Speaker Martin will offer a redraft of the report of the Forest Fire Control Advisory Council, created by the Legislature to study the system and report. Bart Harvey is a member. The council wants to see a statewide tax on all forest land assessed through the towns and the municipal cost component in the Unorganized Territory. Because the tax would cover more acres, the council proposal means a lower per acre tax. Led by the Maine Forest Products Council, industry supports the council's plan. Don Perkins is representing the Paper Industry Information Office. But some conservatives, including Senator McBreairsty of Perham, insist the full cost of fire control should be paid by all the people through the general fund and continue to fight a special tax.

The 1984-85 municipal cost components for the Unorganized Territory total \$5,570,661, up only slightly from this year's \$5,430,159, according to legislation filed by the Brennan administration. Until the fire tax issue is resolved, it is unlikely action will be taken on the components which become the basis for the Unorganized Territory Educational and Services Tax. That's how landowners in areas without local government pay for services.

On other matters:

Unemployment Compensation --- In October, a special commission studying the solvency of the Unemployment Compensation Fund was warned of a \$69 million shortfall by 1987 by the State Department of Labor. At a February 28 hearing on proposals to raise new revenues, a spokesman for the same agency said the calculations had been revised and a shortfall of approximately \$10 million was expected. At a meeting of the MCCI legislative committee, talk centered on whether it was better to solve the \$10 million problem now, or leave it to legislators not facing an election. The \$10 million problem could be solved by raising rates for "negative balance" employers -- those with employees who draw more in benefits than the employers pay in taxes. Contractors and others fall into this category. The threat of a major tax increase has diminished.

Allagash Harvesting --- The Energy and Natural Resources Committee decided February 28 to give two bureaus of the Department of Conservation a year to work out plans for the Land Use Regulation Commission to regulate timber harvesting in the Allagash Wilderness Waterway. Until then, the Bureau of Parks and Recreation will do so under legislation approved by the Committee. Great Northern Paper representatives suggested LURC get the task but the committee believed more time was needed to work out the details. And Seven Islands Land Company, second largest landowner in the corridor bordering state-owned shorelands, opposed the idea of LURC taking over complete jurisdiction. Harvey, Bob Wright and Dan Cocoran were in Augusta with Lynwood Hand for meetings, a hearing and a committee workshop.

Forest Insect Spraying --- In a 65-page document encompassing proposals based on months of study, the Audit and Program Committee of the Legislature has proposed a double standard for users of pesticides. The strictest rules would apply in projects such as spruce budworm control. There have been questions regarding privately conducted spraying programs of companies such as International Paper and J. D. Irving. A hearing is scheduled March 6. The Budworm and Pesticides Subcommittee of PIIIO will meet earlier in the day to coordinate testimony.

Dumps and Gravel Pits --- While generally supporting other sections of the Audit and Program Review Committee report, the Land Use Subcommittee of PIIIO will ask at a March hearing for amendments to avoid overlapping jurisdiction for gravel pits and woods dumps.

Citizens' Right to Sue --- Dan Boxer of Pierce-Atwood, counsel to the Environmental Affairs Committee of PIIIO, warns the door will be opened for a rash of lawsuits if "An Act to Provide for a Citizens' Environmental Protection Act" is passed. A hearing is scheduled March 6. Boxer will speak on behalf of PIIIO and industry is trying to find ways to convince the Judiciary Committee that a "vigilante approach" to enforcing environmental laws isn't desirable. This state's active environmental groups have been pushing this legislation for two years.

Wood Scaling --- After two months of sitting on this issue, the Joint Standing Committee on Wood Measurement has scheduled a hearing March 9 on Legislative Document 1768. While this issue is also being tracked by PIIIO, Hand is also following. Jim Giffune and Skip House have been attempting to solve the problems of the United Paperworkers' International Union that led to the legislation. The issue has been one system of measuring wood (the butt scale) and the measuring of defects in the stems of pulpwood. On behalf of the UPIU, the AFL-CIO has been promoting L.D. 1768. A substitute version has been drafted by PIIIO and provides a fall-back point, or a version which could be endorsed by the UPIU.

Water Flows --- An Old Town representative has introduced legislation requiring a dam operator to notify fishermen and others downstream of planned water releases, in advance of the flows. The Commissioner of Environmental Protection would get the authority to limit water flows. No hearing has been scheduled. Paul Firlotte and Hand are considering Great Northern Paper strategy.

Regulating VDT's

When the Legislature in 1983 backed off from regulating all VDT's, the Bureau of Labor Standards was delegated responsibility for adopting necessary standards to protect the health of state workers using video display terminals. Potential damage to vision and the possibility of harmful radiation was the basis for the action. Once such rules are adopted, the speculation is that the next step will be to impose state standards on all users.

That's why the computer industry and industries depending on VDT's have combined to recruit nationally known experts to testify at a public hearing at 8:30 a.m., March 15, at the Augusta Civic Center. Attorney Harold Pachios of Portland has been retained by the trade association representing manufacturers and by Digital and other producers. Pachios is coordinating industry's strategy with help from MCCI.

Farmer Appointment

Joe Farmer has been appointed to replace the retiring Jim Griffith as a member of House Speaker Martin's Select Committee on Workers' Compensation. The committee is composed of two dozen legislators, labor leaders and businessmen. The committee is considering a new approach to rehabilitation under workers' compensation.

Farmer becomes the third manager currently serving on state-level committees dealing with high priority issues. Others are Kelly on the tax conformity panel and Harvey on the fire control council.

MCCI's Priorities

During the MCCI day for business people at the State House February 29, Chairman Tom Greenquist told reporters the new association's 1984 legislative goals are:

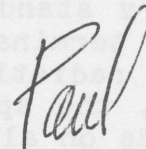
- 1) tax conformity;
- 2) defeat of a bill increasing the minimum wage to \$4.00;
- 3) a workable bill dealing with chemicals in the workplace.

Other Matters

Great Northern Paper will sponsor full tabloid page advertisements in "Newspaper in the Classroom Week" editions of the Portland Press Herald March 6 and the Bangor Daily News March 8. The advertisements were prepared by students...Mark Woodward, editorial page editor of the Bangor Daily News, has sought Jim Giffune's advice on the acid rain situation in the forests of Maine...The next issue of the slick new Maine Audubon Society magazine will focus on the Big A project...On March 2, I spent an hour talking with Robert Kimber on the subject of the hydropower project. He is preparing a story for the planned New England Magazine...Bob Bartlett and I visited Maine Medical Center in Portland to visit with President Ed Andrews and Treasurer Don McDowell. John Staples is promoting a \$50,000 contribution to this important Maine institute...I participated in a meeting of the committee planning the May 4, 5 and 6 annual meeting of the Paper Industry Information Office at Rockport...

Sincerely,

pmc/r
Enclosures



LEGISLATIVE REPORT

March 2, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1459	Hazardous waste management proposal and generator tax	Carried over from 1983... PIIO opposes
1837	Training programs for operators of water pollution facilities	Hearing February 1... GNP supports
1891	Designates PCBs as hazardous waste	Hearing January 25... PIIO opposes
1917	Permits air emissions mixing zones within mill yards	PIIO supports new draft
1934	Prohibits hazardous air emissions	New version in works... Coalition following
2014	Amends DEP law and fee schedule	Expected to be withdrawn
2026	Permits citizen suits under environmental laws	Hearing March 6... GNP, PIIO, MCCI oppose
2036	Hazardous substance 'right to know law'	Hearing February 22... MCCI opposes

Labor

495-497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	Carried over from 1983
1810	Establishes Maine Labor Relations Law	March 8 hearing postponed... MCCI opposes
1824	Changes return to work provisions under workers' compensation	Approved in both houses of Legislature
1851	Revises procedures for appeals under workers' compensation law	Hearing January 18
2031	Freezes maximum benefits under Unemployment Compensation Law, repeals seasonality provisions	MCCI supports

2032	Authorizes Public Advocate to intervene in workers' compensation rate case	Signed into law
2087	Increases covered wages under unemployment compensation	Hearing February 27

Natural Resources

1277	Relating to leases on lands of state	Carried over from 1983
1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Hearing March 9... opposed by PIIIO
1943	Eliminates need for duplicate applications under spruce budworm law	Signed into law
2011	Adds three people to staff of LURC	PIIO, GNP supports... Hearing Feb. 7
2069	Land Use violations enforcement	PIIO opposes
2077	Forest insect spraying and regulation of gravel pits and dumps	Hearing March 6
2086	Regulates timber harvesting in Allagash Waterway	Hearing February 28 GNP plan rejected

Taxes

1932	Delays tax conformity study deadline to April	Approved
1987	Reimburses towns for taxes lost under Tree Growth Tax	Routine
1988-1980	Establishes cost of Spruce Budworm Suppression Tax	Hearing February 23... GNP, PIIIO supports
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	Hearing March 5...
2093	Fire Control Tax	GNP, PIIIO supports
2148	Municipal Cost Component	

Other Subjects

1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Hearing February 22... MCCI opposes
2135	Requires owners of dams to warn of discharges	



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

March 12, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending March 10:

Was Labor the Loser?

It came as a surprise when Gary Hart upset Walter Mondale March 4 in the Democratic party caucuses in Maine. The former vice president had the support of Governor Brennan, U.S. Senator Mitchell, House Speaker Martin and most Democratic chiefs. Leaders of the Maine AFL-CIO, which has 65,000 members, had promised to promote Mondale's candidacy for president.

And it was the unions which were blamed for Mondale's loss. Critics say the AFL-CIO didn't turn out members for the caucuses.

Reporters generally credit the unions with taking the necessary steps. Telephone banks were manned by volunteers who called union members urging them to go to the caucuses and support Mondale. President Charles J. O'Leary wrote all members outlining his reasons for supporting Mondale. But union leaders concede they failed. AFL-CIO Treasurer Ed Gorham contends if it hadn't been for the unions, Hart would have won in a landslide.

According to John Lovell of the Maine Sunday Telegram, "Mondale narrowly captured Millinocket and several other towns where there is a strong papermakers' union presence, such as Jay, Madawaska and Livermore Falls. It was a 30-30 draw in Rumford." But Hart won in Bucksport and Westbrook and also in Bath.

What will this mean, if anything, in the 1984 campaign? Probably very little although it may stimulate union members to be more active. State Representative Elizabeth Mitchell is undoubtedly hoping so. Mrs. Mitchell needs the help of the unions in her challenge of U.S. Senator Cohen. But Mrs. Mitchell's rejection of contributions from political action committees dismayed some union leaders. "Doesn't she know that's how the unions raise money to support politicians?" asked John Hanson, Director of the Bureau of Labor Education at the University of Maine in Orono. All the Democratic candidate can now receive is the kind of assistance which failed Mondale. Mrs. Mitchell has set a \$400,000 goal for spending in the campaign.

Meanwhile, Cohen is gearing up for a serious challenge from the bright and able Vassalboro woman. The big issue is likely to be the nuclear freeze. Cohen has his own "build-down" approach. She favors the freeze. Cohen will seek to raise \$1.2 million. That's approximately what Senator Mitchell and his challenger (former Congressman Emery) spent in 1982.

Around the state, candidates for the Legislature are announcing their plans. But as former Senate President Joe Sewall of Old Town says, "I will probably never live to see the Republicans regain control of the Legislature."

In the Millinocket municipal elections March 9, the Big A hydropower project was an issue. The Katahdin Labor Council published in the Katahdin Times, as an advertisement, the text of a council candidate's statement before a state regulatory commission considering rules proposed by environmentalists to govern hydropower developments. The Natural Resources Council's proposed rules obviously were aimed at the Big A project. The candidate lost, running fourth in a field of five candidates for three council seats.

With primaries in June and general elections in November, the season for politics is here to stay.

Workers' Compensation: Snags

Hopes of the Speaker's Select Committee to propose a new rehabilitation program hit a snag at a March 5 meeting over a basic question: What happens when a person completes a rehabilitation program under a workers' compensation settlement and can't find a job? Representatives of business and industry say their obligation would be fulfilled by paying for the training, or education. Labor leaders say the injured person still would not have an income and should remain covered by workers' compensation.

The Workers' Compensation Study Commission is asking the Legislature for another 60 days to finish a study of how the insurance should be financed. The Coalition For Workers' Compensation Reform of Employers favors a system with options, including both self-insurance and purchased insurance. The AFL-CIO favors a mandatory state fund.

Chances of proposals from the group being presented to this session of the Legislature are fading.

The Legislature

Lynwood Hand reports the Legislature will soon get four different proposals from the Taxation Committee for taxes to finance the forest fire control program. A 9-4 majority will favor 100 percent general fund financing, eliminating the special tax adopted in 1983 now being challenged in the courts. House Speaker Martin told the Taxation Committee March 5 there isn't revenue available to provide 100 percent general fund financing. Martin supported the approach of the Forest Fire Control Advisory Council which called for one-third general fund financing, with two-thirds coming from a special tax. The Legislature must act or there will be no program because the controversial tax was adopted for only one year.

On other subjects:

Municipal Cost Component - A hearing will be held March 12 on the municipal cost components on which the Unorganized Services Educational and Services Tax is based. The total at \$5,570,661 is up 2.5 percent. Don Perkins of the Paper Industry Information Office is tracking the issue.

Tax Conformity - The Review Committee on tax conformity has held two meetings and on March 15 will consider alternatives to be outlined by the staff.

Wood Scaling - The Joint Standing Committee on Wood Measurement March 9 heard a group of woodsmen differ with spokesmen for industry over what's needed in the law governing scaling. The butt method of scaling was the chief target of criticism. Legislation is expected to be drafted by this committee within a few days to phase out butt scaling. PIIIO is following this issue.

Citizens' Right to Sue - Farmers and foresters led an attack March 6 on a bill which would give legal standing to any resident of Maine to sue for actions he believes harmful to the environment. Dan Boxer and Dale Phenicie led paper industry opponents.

Water Flows - Paul Firlotte met with the sponsor of legislation requiring downstream public notices of releases from dams and giving the Commission of Environmental Protection some control over flows. A hearing will be held March 13.

A summary of legislation is attached.

Class I Issue

The Class I air quality issue will come before the Board of Environmental Protection again March 14. A Bangor Daily News story confirmed what the staff of the department had told Dale Phenicie: they will recommend postponement of any action until October. This latest staff move came despite a BEP request that an order be prepared to kill the Class I proposal.

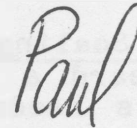
Maine Reading

"Here Today...Twenty-five Years of Cartoons" by Vic Runtz is a new 337-page collection by the retired Bangor Daily News cartoonist. Runtz's cartoons appeared almost daily on the editorial pages of Maine's largest daily newspaper.

Other Matters

Bud Rogers of the Boston Globe called to ask questions regarding labor negotiations. Rogers was preparing an article on major contracts expiring in New England in 1984...Reporters for WLBZ-TV called twice to ask if a strike was coming at Pinkham Lumber...We declined comment...Bob Bartlett and I met in Portland with representatives of the Portland Museum of Art. They proposed two projects which the company might sponsor...Gloria Flannery of the Bangor Daily News called to ask if visitors would be barred from company lands if the "right to sue" legislation is passed. I told her we oppose the legislation but had not considered banning the public...I answered several questions from Ed Carroll, a University of Maine student, doing a paper on the Big A project...Dale Gerry of Senator Cohen's staff provided information on the Air Travelers Security Act in response to questions raised by Phil Paul.

Sincerely,



pmc/d
Enclosure

Distribution:

E. E. Allain	W. M. Dillaway	C. A. Hutchins	P. P. Paul
R. F. Bartlett	P. I. Firlotte	R. R. Johnson	T. N. Pendleton
A. P. Birt	T. H. Flanagan	M. A. Keck	D. K. Phenicie
J. A. Blickle	T. A. Galas	T. W. Kelly	C. H. Reed
P. Cannella	J. M. Giffune	D. J. Krohn	D. R. Roop
J. B. Carson	C. R. Grantland	W. R. Laidig	W. A. Saucier
S. A. Casey	J. W. Griffith	G. M. Lander	B. J. Shainman
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S. P. Curtis	S. M. Hill	O. H. Merrill	D. W. Westfall
A. B. Danforth	S. G. Hobson	C. L. Nelson	H. Willets
J. P. DeMarrais	K. Y. Hodsdon	A. M. Nemirow	P. F. Yacavone
A. E. Dentremon	P. D. Hubbe	J. F. O'Handley	

LEGISLATIVE REPORT

March 12, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1459	Hazardous waste management proposal and generator tax	Carried over from 1983... PIIO, MCCI oppose
1837	Training programs for operators of water pollution facilities	Hearing February 1... GNP supports
1891	Designates PCBs as hazardous waste	Preliminary approval
1917	Permits air emissions mixing zones within mill yards	PIIO, MCCI support new draft
1934	Prohibits hazardous air emissions	New version in works... Coalition following
2014	Amends DEP law and fee schedule	Expected to be withdrawn
2026	Permits citizen suits under environmental laws	Hearing March 6... GNP, PIIO, MCCI oppose
2036	Hazardous substance 'right to know law'	Hearing February 22... MCCI opposes

Labor

495-497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	Carried over from 1983 MCCI opposes
1810	Establishes Maine Labor Relations Law	March 13 hearing MCCI opposes...
1824	Changes return to work provisions under workers' compensation	Approved in both houses of Legislature...MCCI opposes
1851	Revises procedures for appeals under workers' compensation law	Hearing January 18...MCCI supports as amended
2031	Freezes maximum benefits under Unemployment Compensation Law, repeals seasonality provisions	MCCI supports

2087	Increases covered wages under unemployment compensation	Hearing February 27
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Natural Resources

1277	Relating to leases on lands of state	Carried over from 1983
1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Hearing March 9... opposed by PIIIO
2011	Adds three people to staff of LURC	PIIO, GNP support... Hearing Feb. 7
2069	Land Use violations enforcement	PIIO opposes
2077	Forest insect spraying and regulation of gravel pits and dumps	Hearing March 6
2086	Regulates timber harvesting in Allagash Waterway	Hearing February 28... GNP plan rejected

Taxes

1932	Delays tax conformity study deadline to April	Approved
1987	Reimburses towns for taxes lost under Tree Growth Tax	Routine
1988-1990	Establishes cost of Spruce Budworm Suppression Tax	Hearing February 23... GNP, PIIIO support
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	Hearing March 5...
2093	Fire Control Tax	Hearing March 5 GNP, PIIIO support...
2148	Municipal Cost Component	Hearing March 13

Other Subjects

1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Hearing February 22... MCCI opposes
2135	Requires owners of dams to warn of discharges	Hearing March 13



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

March 19, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

With the session in its final weeks, this newsletter of the Public Affairs department focuses mainly on the Legislature.

The Legislature

When the Taxation Committee of the Legislature in 1983 tried to find a new tax to pay for the state's forest fire control programs, members had difficulty finding a formula. A controversial one-year tax was approved as a stop-gap.

The committee was again divided last week as members sought agreement on a fire control tax.

Recommendations of the Forest Fire Advisory Council were forgotten. Members were caught between constituents and legislative leaders. Small woodlot owners were demanding the tax imposed in 1983 be eliminated. Legislative leaders were saying that couldn't be done because of a lack of general fund revenues. The 1984 budget for fire control is \$5.6 million.

Adding to the confusion was the stand of the Brennan administration. This time around the administration opposed the Forest Fire Advisory Council's approach -- a per acre tax to be collected by towns and cities. The Maine Municipal Association has convinced the Governor that this is a statewide property tax -- not unlike that repealed by voters in 1978.

At one time, the 13 members of the committee were offering five different drafts.

Finally House Speaker Martin intervened, March 16. Martin, an Eagle Lake representative who closely follows forestry issues, bluntly told the committee to report out Legislative Document 2093. Hank Magnuson of the Paper Industry Information Office said the committee accepted Martin's advice with only Republican Representative Jackson of Harrison threatening a minority report. Jackson wants 100 percent general fund revenue.

Legislative Document 2093 is the proposal of the Forest Fire Advisory Council redrafted by PIIIO Attorney Don Perkins to provide a cap on increases in any one town. The Council recommended adding seven million acres to the base and assessing the tax to towns to collect with the property tax. If approved, this approach should reduce Great Northern Paper's tax bill.

There was reason for optimism reported on the second major tax issue before the session. Attorney Jim Good, representing a group of Maine Chamber of Commerce and Industry members, said Taxation Committee Chairman Senator Wood had suggested full conformity of the state income tax code with the new federal law by 1985. Wood, who opposed conformity in 1983, made the proposal to the Tax Conformity Review Committee of which T. W. Kelly of Great Northern Paper is a member. Wood also tentatively agreed that addbacks should not exceed the full cost of corporate conformity -- a \$4.5 million concession.

The Brennan administration's spokesman on finances, Commissioner of Finance and Administration Scribner, told the March 16 meeting the administration was willing to support a proposal which could be financed within the budget. Good said Scribner indicated the committee was on the right track.

The fate of tax conformity legislation will likely be determined at a March 21 meeting of the review committee which has been asked to report to the Legislature by April 1.

It was a busy week in Augusta. Other issues of interest to Great Northern Paper included:

Hydropower Regulations -- Paul Firlotte testified March 19 at a hearing on a proposal to require operators of dams to notify those downstream of water releases. Firlotte told the committee such steps already had been taken with signs in place on the West Branch, but he did not oppose such legislation. But the Power Systems Manager told the committee the company opposes any controls over water flows -- giving this authority to the Commissioner of Environmental Protection. Both the sponsor of the legislation and the House Chairman indicated that the section pertaining to water flows would be deleted. Lynwood Hand is monitoring this bill.

Dumps and Gravel Pits -- A workshop of the Audit and Review Committee was postponed because of a storm. With Great Northern paper leading the way, a PIIIO subcommittee is suggesting authority over dumps and gravel pits in the unorganized territory be turned over to the Land Use Regulation Commission to eliminate overlapping jurisdiction. The staff of the Department of Environmental Protection is opposing the change. Hand arranged for the workshop to be delayed until March 19 when Dan Corcoran could attend.

Definition of Ambient Air -- A hearing is scheduled for March 19 on a proposal to replace the definition of ambient air in the state's environmental code. Attorneys have been working on the issue for months. Under the latest version, the maximum diameter of the "mixing zone" remains at one kilometer -- a problem for Great Northern Paper which needs a 1 1/2 kilometer boundary.

Wood Scaling -- Hand was one of a small group which met with Representative Locke of Sebec, chairman of a special committee dealing with wood measurement, and Wood, the chief advocate of new controls. Hand, by request, in a summary of the issue, said the only area of consensus was on the phasing out of the butt scale. It appears that is the direction in which the committee is headed, avoiding the controversial issue of defects in the scaling of wood.

Unemployment Compensation Insurance -- The Labor Committee will recommend increasing the minimum tax rate from 5 to 6.5 percent and a reduction in the period of time an industry must operate to be considered seasonal, from 40 to 26 weeks. The two proposals are part of a compromise package of legislation acceptable to the Maine Chamber of Commerce and Industry.

Workers' Compensation -- While the Governor had reservations, Brennan signed an amendment to the Workers' Compensation Law sponsored by Representative Clark of Millinocket and supported by East Millinocket and Millinocket union locals. Senator Pray of Millinocket was a cosponsor. The amendment revises Section 66A to prevent a company from filling jobs with an injured employee without posting of the position. The seniority provisions of union contracts will prevail when the law is effective. Attempts failed to have the bill referred to the Speaker's Select Committee on Workers' Compensation which is considering a new rehabilitation program.

Off and On

When a fierce storm swept into the state March 15, the annual legislative conference of the Paper Industry Information Office was cancelled.

But at Orono, the annual Governor's Economic Development Conference went on as scheduled with J. M. Giffune and L. O. House as speakers. The focus of the conference was on the role of computers in business. Giffune and House explained the company's graphics computer system.

Other Matters

In last week's newsletter, we left out the fact that Walter Mondale was the winner in the Democratic caucus in East Millinocket...David Platt of the Bangor Daily News called with questions regarding tree genetics. Bart Harvey will respond.

Sincerely,

Paul

pmc/d
Enclosure

LEGISLATIVE REPORT

March 19, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1837	Training programs for operators of water pollution facilities	Hearing February 1... GNP supports
1891	Designates PCBs as hazardous waste	Preliminary approval in both Houses
1917	Permits air emissions mixing zones within mill yards	PIIO, MCCI support new draft but change needed in text
1934	Prohibits hazardous air emissions	New version in works... Coalition following
2014	Amends DEP law and fee schedule	Expected to be withdrawn
2026	Permits citizen suits under environmental laws	Hearing March 6... GNP, PIIO, MCCI oppose
2036	Hazardous substance 'right to know law'	Hearing February 22... PIIO, MCCI oppose
2198	Hazardous waste transportation	Redraft

Labor

495-497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	Carried over from 1983 PIIO, MCCI oppose
1824	Changes return to work provisions under workers' compensation	Signed into law
1851	Revises procedures for appeals under workers' compensation law	Preliminary approval...MCCI supports as amended
2031	Freezes maximum benefits under Unemployment Compensation Law, repeals seasonality provisions	PIIO, MCCI support

2087	Increases covered wages under unemployment compensation	Amended version acceptable to MCCI
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Natural Resources

1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Hearing March 9...GNP, PIIIO, MFPC oppose
2011	Adds three people to staff of LURC	PIIIO, GNP support... Hearing Feb. 7
2069	Land Use violations enforcement	PIIIO opposes
2077	Forest insect spraying and regulation of gravel pits and dumps	Hearing March 6
2086	Regulates timber harvesting in Allagash Waterway	Hearing February 28... GNP plan sent to study

Taxes

1987	Reimburses towns for taxes lost under Tree Growth Tax	Routine...PIIIO supports
1988	Establishes cost of Spruce Budworm Suppression Tax	Hearing February 23... GNP, PIIIO support
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	Hearing March 5...
2093	Fire Control Tax	Hearing March 5 GNP, PIIIO support...
2148	Municipal Cost Component	Hearing March 13

Other Subjects

1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Hearing February 22... MCCI opposes
2135	Requires owners of dams to warn of discharges	Hearing March 13



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

March 26, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending March 23, 1984:

"Maine Business Boom"

That was the front page headline in the Lewiston Daily Sun of March 23. The Sun story quoted the State Development Office as saying industrial expansions increased by 62 percent in Maine in 1983, creating 3,600 new jobs with a capital investment of \$163 million. The writer of the story concluded "the strong surge in business expansion appears to belie complaints about Maine's negative 'business climate'."

A few weeks ago the Paper Industry Information Office distributed a newsletter focusing on complaints from industry about the business climate that "high taxes, high workers' compensation costs, restrictive regulatory measures and difficult marketing and transportation conditions all provide ample evidence of the real shortcomings in Maine's business climate."

A month ago a Bangor banker cited predictions of the State Planning Office for slow growth and hard times in northern and eastern Maine in asking legislators for "a Square Deal for this part of the State and a New Deal in attacking its problems." The ripple from the remarks of Merrill Bank President Bill Bullock is still creating conversation in Augusta.

With Governor Brennan apparently unwilling to concede Maine doesn't offer business all that is said in State advertisements in Fortune magazine, the business climate debate rages on. The public is confused, and far from convinced Maine really isn't a great place to do business.

The attitude of the bureaucrats is reflected in the quotes in the Lewiston newspaper article:

"There has been some controversy in the past about taxes, but when you compare our taxes with the other New England states, we're not bad..."

"And there was some controversy in the past about the cost of workers' compensation, but that hasn't been a complaint coming from many businesses that we've worked with..."

The economy may be booming but State Economist Lloyd Irland commented March 23 that the boom isn't broad enough to eliminate unemployment levels at 12 to 14 percent in northern and eastern Maine. "The regional imbalances are there and there is no changing it. We have seen 2.6 percent unemployment in York County and at the same time 12 to 14 percent in Calais and Fort Kent." Irland also pointed out that Maine's shoe industry is very fragile. "If a couple of factories go belly up, this talk will change."

Bullock suggested the Governor develop "a program to relieve the impact of economic adversity on healthcare, economic self-sufficiency, health and housing." He talked about a new subsidized mortgage program, subsidies for transportation, tuition-free training for young people and other assistance focused on northern and eastern Maine. His suggestions are easier understood than the conflicting views on the business climate.

New MCCI President

The Maine Chamber of Commerce and Industry has recruited Robert LaBrandt, a Michigan trade association executive, as its first president. The decision was made at a March 21 meeting of MCCI directors. LaBrandt has had government relations experience at the federal level (he was on the staff of former Wisconsin Congressman Froehlich) as well as in Michigan.

Rift in the Ranks

MCCI joined in an outpouring of opposition at a March 6 hearing on the "Citizens Right to Sue" legislation, Legislative Document 2026. Now members of the Legislative Committee of MCCI are complaining about a rewrite of the legislation submitted to the committee by an attorney representing PIIIO.

"I'd be less than candid if I didn't get a little concerned about the citizen suit bill which I understand the paper companies have made a real effort to rewrite the legislation without really consulting the rest of us at the Maine Chamber of Commerce and Industry, where in reality the bill could have been killed easily prior to the revised bill which you people provided on Thursday. Obviously we have a communications problem and I hope it will be straightened out," wrote Bob Reny of Damariscotta, an MCCI director. Last week Reny went to bat on behalf of Great Northern Paper on the Class I air quality issue.

There were people in the PIIIO ranks as surprised as our MCCI allies.

The Legislature

With only 14 working days remaining in the session, legislators were facing critical decisions in a drive to adjourn April 13.

Progress is reported on the issue of tax conformity. The Tax Conformity Review Committee agreed on a package which will cost the general fund \$5 million in fiscal 1985. The committee agreed to ask the Legislature to approve full conformity in 1985 and recovery of 1984 addback over three years. Democrats on the committee pledged to support legislative leaders and the Governor. The Review Committee is expected to approve a final report March 29.

The fate of the Forest Fire Control Tax is still up in the air. At last count, 8 of the 13 members of the Taxation Committee will support a plan calling for 100 percent general fund financing. Five others favor another plan. Most agree they do not expect either to be the final answer. Great Northern Paper supports the Forest Fire Advisory Council plan calling for one-third general fund support with the remaining two-thirds to come from a special tax on all acres of forest lands.

On other subjects:

Wood Measurement -- A March 23 work session saw three of the four persons present favor a prohibition against butt scale and prohibiting discounting for defects in wood to cutters. Attempts will be made to change the committee's view.

Mixing Zones -- A committee voted March 23 to leave up to the Department of Environmental Protection the matter of establishing mixing zones within millyards where ambient air standards do not apply.

Hearing Loss -- Rumors were circulating that a proposal to tighten the hearing loss section of the workers' compensation law was being revived by the Labor Committee.

Hazardous Emissions -- Dale Phenicie says a coalition is basically satisfied with the redraft of legislation regulating hazardous air emissions. A hearing was scheduled March 26.

Class I Air Quality

One of Great Northern Paper's major concerns in the legislative session is dead. The Board of Environmental Protection voted 6-4 March 21 to kill a proposal to designate Baxter Park and two other wilderness areas in the state as Class I air quality zones. Board member Neil Hapworth of Winslow said the newspapers were incorrect in saying the vote was 7-3 because chairman Zaitlin voted in favor of designation. Great Northern Paper led the opposition with support from labor unions, businessmen, legislators and town officials. The Legislature had asked the BEP to study the matter.

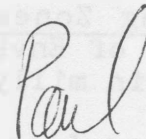
Municipal Association

R. W. Noyes was the speaker at a March 22 meeting of the Northern Penobscot Municipal Association in East Millinocket. Town officials belong to the group. Mary Anne Lagasse of the Bangor Daily News and Anne Erickson of the Katahdin Times are writing stories on the text of Noyes' remarks on the short and long-term business outlook and the Big A project. I provided them with information March 23 on the startup of No. 1 paper machine in the East Millinocket mill.

Other Matters

I met with John Rhodes, a Brunswick consultant, who is studying the potential of a Maine Vocational Technical Institute Foundation. Supporters of the six vocational technical institutes are looking for ways to attract more financial support...An advertisement and news release covering the company's new program of gift certificates as safety incentive awards were mailed to seven weekly newspapers. In the advertisement, local merchants were invited to notify the company if they would accept the certificates...Dale Phenicie discussed the Class I issue with a Bangor Daily News editorial writer...I answered questions on the same subject from Dave Platt of the News, Barbara Waters of the Katahdin Times and Mabry Keys of WMKR...Contributions were made to the Millinocket Youth Hockey League, Pine Tree Society for Crippled Children, Boys State and Girls State sponsored by the American Legion and to the Bangor Symphony Orchestra.

Sincerely,



pmc/d
Enclosure

LEGISLATIVE REPORT

March 26, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1837	Training programs for operators of water pollution facilities	Hearing February 1... GNP supports
1891	Designates PCBs as hazardous waste	Approved in both Houses
1917	Permits air emissions mixing zones within mill yards	Committee favors new draft
2014	Amends DEP law and fee schedule	Expected to be withdrawn
2026	Permits citizen suits under environmental laws	PIIO redraft splits industry
2036	Hazardous substance 'right to know law'	Hearing February 22... PIIO, MCCI oppose
2198	Hazardous waste transportation	Redrafted
2211	Repeals definition of air pollution	Committee votes to kill bill
2247	Controls for hazardous air pollutants	
2235	Requires notification of pesticides applications	
2273	Changes timetable for environmental permits	

Labor

495-497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	May be revived... PIIO, MCCI oppose
1824	Changes return to work provisions under workers' compensation	Signed into law

1851	Revises procedures for appeals under workers' compensation law	Preliminary approval...MCCI supports as amended
2087	Increases covered wages under unemployment compensation	Amended version acceptable to MCCI

Natural Resources

1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Hearing March 9...GNP, PIIIO, MFPC oppose
2011	Adds three people to staff of LURC	PIIIO, GNP support... Hearing Feb. 7
2069	Land Use violations enforcement	PIIIO opposes
2077	Forest insect spraying and regulation of gravel pits and dumps	Hearing March 6
2086	Regulates timber harvesting in Allagash Waterway	Hearing February 28... GNP plan sent to study
2258	Pingree-State land exchange	

Taxes

1987	Reimburses towns for taxes lost under Tree Growth Tax	Routine...PIIIO supports
1988	Establishes cost of Spruce Budworm Suppression Tax	Hearing February 23... GNP, PIIIO support
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	Hearing March 5...
2093	Fire Control Tax	Hearing March 5 GNP, PIIIO support...
2148	Municipal Cost Component	Hearing March 13

Other Subjects

1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Hearing February 22... MCCI opposes
2135	Requires owners of dams to warn of discharges	Hearing March 13



Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

April 2, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending March 30, 1984:

The Legislature: On and On

It was probably inevitable considering the conflicting issues. Reported Bob Chaffee, the executive director of the Maine Forest Products Council in his weekly legislative report:

"There is some feeling in the Appropriations Committee that the forest fire issue should be funded INSTEAD of FULL TAX CONFORMITY. The politics are simple. Most voters don't run businesses and do not appreciate nor understand full tax conformity. Many, some 10,000, do feel the pinch of the 1983 Forest Fire Suppression Tax, however, and they have made their feelings known to legislators about the tax."

The capitalization for emphasis made clear the lobbying strategy of the Maine Forest Products Council.

The conflicting demands for tax dollars were apparent at a March 29 meeting of the Government Affairs Committee of the Paper Industry Information Office.

Full tax conformity with a first year price tag of \$5.4 million in general fund dollars is the goal of the Maine Chamber of Commerce and Industry.

Full general fund financing of the state's forest fire control program with a price tag of \$5,400,000 (two-thirds of which is now raised by a special tax) won preliminary approval in the House March 29.

Attorneys for landowners are telling members of the Taxation Committee the state owes taxpayers in the unorganized territory millions of dollars because of improper charges by the Bureau of Forestry.

While Great Northern Paper and Scott give highest priority to tax conformity, St. Regis would put 100 percent general fund revenue for fire control taxes at the top of its list of priorities.

The Taxation Committee will hold a public hearing at 1:30 p.m. Thursday, April 5, on the recommendations of the Tax Conformity Review Committee. The committee proposed full conformity with the tax year ending in 1985 and recovery of 1984 addbacks of \$5.4 million, but no recovery of 1983 addbacks. Tom Kelly of Great Northern Paper, a member of the Tax Conformity Review Committee, joined other members in visiting legislative leaders and Governor Brennan March 29.

Here is how Jim Good, counsel to MCCI on tax conformity, summed up the outlook following the meetings:

"This conformity proposal will cost the general fund something over five million dollars in the fiscal year ending in 1985 and over \$10 million for each fiscal year thereafter. Given other program demands presently facing the Legislature, it is not at this time at all certain that this proposal will win final approval. The Governor has indicated that he is sympathetic to concerns of the business community, but that he will have to wait and see what revenues are available."

Good and others promoting tax conformity are telling legislators that "because of the actions taken in the last year (which included the corporate income tax increases, combined reporting and the discriminatory tax conformity legislation enacted in November), the business community is looking closely at the actions which Maine takes in the taxation area. This is particularly true of businesses which operate in a number of states and have investment alternatives other than Maine. It is very important at this time that a positive signal be given to the business community."

On other legislative matters, there were these developments:

Forest Fire Control Taxes -- While the majority of the Committee on Taxation favors full general fund financing of the fire control program, a minority favored only one-third from the general fund with two-thirds from a special tax on those who own over 300 acres. Aides to Governor Brennan insist that there isn't revenue to provide 100 percent general fund financing. The recommendation of the Advisory Council on Fire Control for a one-third/two-thirds split with all owners taxed seems to be lost in the confusion and the thirst to saddle the general fund with the entire cost. In the last eight days of the session, the issue is being monitored by the Paper Industry Information Office, the Forest Products Council and Lynwood Hand on behalf of Great Northern Paper. If all fire control costs were financed from the general fund, a savings of approximately \$650,000 would be possible in 1985 taxes on timberlands owned by Great Northern Paper, which saw taxes go up \$300,000 in 1984.

Unorganized Territory Taxation -- Washington County legislators last week were still hunting for new ways to spend a \$600,000 surplus. If they don't, the surplus will be used to reduce taxes under a law approved in 1983. Because of the possible statewide precedents, PIIIO is tracking the issue.

Hydropower -- The Public Utilities Committee has agreed to turn over to the Department of Fisheries and Wildlife the task of identifying areas below dams where fishermen may be in danger from water discharges. Industry and regulators have agreed on an amendment to the rivers legislation passed in 1983 which will give the Board of Environmental Protection and Land Use Regulation Commission more time to evaluate permits for hydro projects.

Forest Practices -- Legislation intended to regulate timber harvesting practices has been withdrawn and a study requested.

Wood Measurement -- A special committee voted 7-3 in favor of legislation which would require cutters to be paid for wood cut to specification, regardless of defect. Great Northern Paper has vigorously opposed the defect provision. A Pine Tree Legal lawyer won sympathy even from legislators who normally support the industry.

Workers' Compensation -- The Speaker's Select Committee on Workers' Compensation has put off until the June special session proposing a new rehabilitation program.

Big A Activity

Aides to the Governor and members of the Maine Congressional Delegation, legislative leaders and government officials were notified in advance of the company's plans to file an application March 29 with the Federal Energy Regulatory Commission for a license to construct the Big A project. A news release was also put out.

The night before the filing, I discussed the politics of the project at a meeting of the campus chapter of the Society of American Foresters at the University of Maine in Orono. The record turnout of 55 young people had lots of questions centering on why the company wasn't building a biomass boiler instead of a dam. It was clear most opposed the project on environmental grounds.

PIIO Meeting

The annual meeting of PIIO has been scheduled for May 4, 5 and 6 at Rockport. In addition to the annual business meeting and committee meetings, highlights of the program include:

A talk on the state of the Orono campus of the University of Maine and what the acting president, Dr. Arthur Johnson, sees in the future;

A report on the study of the Brennan administration's Commission on the Status of Education by Dr. Richard Barringer, executive director of the commission and director of the State Planning Office, and comments on the study by Robert Masterton, president of Maine Savings Bank and a commission member.

An updating on Maine's controversial workers' compensation insurance program by Roger Mallar, chairman of the Speaker's Select Committee on Workers' Compensation, Donald Perkins, counsel for a coalition which challenges proposals for rate increases, and John Salisbury, coordinator of activities for the Coalition for Workers' Compensation Reform.

Other Matters

I attended a March 29 meeting of the Bangor Chamber of Commerce at which Merrill Bank President Bill Bullock discussed his call for a "New Deal" for northern and eastern Maine...I referred Bangor Daily News Business News Reporter Allan Loboizzo to Cheryl Hutchins with his request to do an "in depth" article on the GNN annual report...A GNN news release on projected first quarter earnings was distributed...On the Orono campus March 29, I talked with Dr. Johnson regarding questions he had about lobbying and attended a meeting of the Advisory Council to the Land and Water Resources Council. Steve Norton, a faculty member, told the committee that UMO may soon get another major acid rain research grant. Norton says the Orono campus is emerging as a national leader in this field...Roger Boynton has completed taking photographs for the revamped company exhibit for the GNN annual meeting.

Sincerely,

Paul

pmc/d
Enclosure

Distribution:

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LEGISLATIVE REPORT

April 2, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1837	Training programs for operators of water pollution facilities	Hearing February 1... GNP supports
1891	Designates PCBs as hazardous waste	Enacted
1917	Permits air emissions mixing zones within mill yards	Redraft passes back to BEP
2026	Permits citizen suits under environmental laws	PIIO redraft splits industry
2198	Hazardous waste transportation	Approved in both Houses
2247	Controls for hazardous air pollutants	
2273	Changes timetable for environmental permits	Redraft allows more time for processing of hydro permits
2335	Requires notification of pesticides applications	Withdrawn
2385	Amends DEP law	
2397	Hazardous substance 'right to know law'	

Labor

495-497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	May be revived... PIIO, MCCI oppose
1851	Revises procedures for appeals under workers' compensation law	Preliminary approval...MCCI supports as amended
2087	Increases covered wages under unemployment compensation	Amended version acceptable to MCCI
2341	Unemployment compensation fund changes	

Natural Resources

1302	Bans fees for public access to public lands	Carried over from 1983
1768	Revises wood measurement law	Hearing March 9...GNP, PIIIO, MFPC oppose
2011	Adds three people to staff of LURC	PIIO, GNP support... Hearing Feb. 7
2069	Land Use violations enforcement	PIIO opposes
2077	Forest insect spraying and regulation of gravel pits and dumps	Hearing March 6
2086	Regulates timber harvesting in Allagash Waterway	Hearing February 28... GNP plan sent to study
2258	Pingree-State land exchange	Approved by committee
2354	Forest practices study	
2369	Public lands	Requires annual report on rates and fees

Taxes

1987	Reimburses towns for taxes lost under Tree Growth Tax	Routine...PIIO supports
1988	Establishes cost of Spruce Budworm Suppression Tax	Hearing February 23... GNP, PIIIO support
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	Hearing March 5...
2148	Municipal Cost Component	Hearing March 13
2347	Forest Fire Control Tax	100 percent general fund...majority report
2348	Forest Fire Control Tax	One-third general fund... two-thirds from special tax on owners of over 300 acres

Other Subjects

1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Hearing February 22... MCCI opposes
2135	Requires owners of dams to warn of discharges	Inland Fisheries and Wildlife will designate danger areas for fishing



Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

April 9, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending April 7:

Six Months Later

In November of last year, Senator Frank Wood adamantly opposed federal-state tax conformity.

On April 5, the chairman of the legislative Committee on Taxation told colleagues at a public hearing he will fight now for full conformity as proposed by the Review Committee on Tax Conformity.

In 1983, the administration of Governor Brennan said there wasn't money available for conformity.

Finance Commissioner Rodney Scribner told the legislative Committee on Taxation the Governor supports the new proposal "as a reasonable program."

In all, 22 witnesses called for conformity. There was no opposition. At a workshop following the hearing, the legislative committee unanimously supported the legislation.

Wood had taken the lead in the drafting of the proposal which now goes before the full Legislature. It provides full conformity in 1985 with recovery of 1984 addbacks in 1985, 1986 and 1987. The first year revenue loss will be \$5.2 million, increasing to \$11 million the following year.

While defending the actions of the Legislature in 1983 as appropriate given the circumstances, Wood cited three reasons for now justifying conformity: (1) this is a poor state with a limited number of options and we may lose out on industrial expansions; (2) we need a predictable, stable tax policy; and (3) this is an opportunity to treat all taxpayers fairly and give the state an economic development selling point. He praised the four business representatives on the review committee for their spirit of compromise in giving up trying to recapture two years of addbacks.

T. W. Kelly of Great Northern Paper, a member of the review committee, followed Wood in supporting the proposal and answered questions regarding the Great Northern Nekoosa project in Mississippi. Neil Hapworth, a general representative of the carpenters, elaborated on the benefits of the Leaf River construction when he testified in support of conformity. Not only are hundreds of new permanent jobs being created, Hapworth pointed out, but 2,000 people were employed on the construction site -- some from Maine who couldn't find jobs closer to home. Hapworth was followed by Byron Weymouth of the Katahdin Labor Council. Last year the AFL-CIO opposed conformity. One legislator pointed out how pleased he was to see labor joining management supporting conformity.

Prior to the hearing, a delegation of businessmen led by Maine Chamber of Commerce and Industry President Tom Greenquist asked Governor Brennan's support. A one-page fact sheet provided to the Governor by David J. McKittrick, vice president of finance of James River, was particularly effective at the meeting, according to attorney Jim Good. The fact sheet compared the tax picture in four states where James River is expanding, or considering expansions -- Alabama, Maine, Virginia and Wisconsin.

If approved by the Legislature, the tax conformity legislation still must compete against other proposals with revenue implication in the next several days. The pot is traditionally split by legislative leaders and members of the Appropriations Committee. While there is optimism, the demands for revenue are growing every day.

Full tax conformity will mean a savings of approximately \$100,000 to \$120,000 after federal taxes under the present system of assessments and two or three times as much if GNN is considered a unified company under the new state unitary tax law.

With Five Days to Go

With five days remaining in the session, most key issues remained up in the air. Some developments:

Workers' Compensation -- A bill redefining hearing loss was withdrawn. It has had strong support from paper industry unions. The issue has been debated for a decade and can be expected back in 1985.

Forest Fire Control Taxes -- The latest "favorite solution" being offered would see general fund revenues used to pay the basic 27 cents per acre statewide tax with landowners in communities without fire protection and in the unorganized territory required to pay a 9 1/2 cents per acre first response charge.

Other unsolved issues: Wood scaling, citizens' right to sue, unorganized territory taxes, spruce budworm financing, chemical substance identification and others.

Despite the issues facing the paper industry, paper industry representatives at the State House continued to be few and far between. Georgia-Pacific, Boise, St. Regis and Scott were represented only briefly. The companies apparently are going to leave matters mostly to trade associations.

Contributions of 1984

In the first quarter of 1984, the following contributions were authorized:

<u>By GNN Foundation</u>		<u>By Great Northern</u>	
UMO Pulp & Paper	\$ 6,500	Hospital Development Foundation of E. Maine	\$ 500
Moosehead Marine Museum	5,000	Green Valley Association	275
Husson College	9,500	Jackson Lab	200
TAMC (Presque Isle) Medical Group	1,500	Charlotte White Center	100
Abnaki Girl Scouts	1,100	Scripps-Howard Foundation	500
Portland Museum of Art	<u>10,000</u>	Girls State (Schenck)	90
Total	\$33,600	Boys State (Stearns & Schenck)	250
		Bangor Symphony	500
		Pine Tree Society	<u>275</u>
		Total	\$2,690

Saturday Night in Fort Kent

R. F. Bartlett was the speaker April 7 at the annual meeting of the Fort Kent Chamber of Commerce. He made three points in a talk to a record crowd of 125 persons: (1) Business is generally good in the paper industry although Canadian competition is fierce for Great Northern Paper in the newspaper market and for Pinkham Lumber in its market; (2) The time has come to develop economic development priorities for northern Maine; and (3) It is time for the business community to aggressively tell its story. Bartlett is a native of nearby St. Francis.

Big A, Go Away!

Environmentalists called a press conference April 4 in Augusta to call the West Branch hydropower project "ill-conceived and unnecessary" and to pledge to intervene in all proceedings. Joe Foran of the Natural Resources Council was the chief spokesman for the coalition of opponents. Representatives of the NRC, Maine Audubon Society, Sportsman's Alliance of Maine, Appalachian Mountain Club and Trout Unlimited all said a wood-burning boiler should be the answer to Great Northern Paper's energy needs, not a dam.

While the opponents of the project had nothing new to say, the press conference was covered by four television stations, the wire services and the Bangor Daily News. We answered nine calls from reporters with requests for comments and with questions. WGME-TV in Portland followed a report of the conference and some additional background on the subject with this question for viewers: "Should Great Northern Paper be allowed to build the Big A dam?" The results: 1,471 calls saying "no" and 246 calls saying "yes".

Environmentalists are passing out bumper stickers saying "Big A, Go Away!"

Other Matters

Roger Boynton has completed taking photographs for the Great Northern Paper exhibit for the GNN annual meeting...The grant by the GNN Foundation to the Portland Museum of Art will be used to finance a two-day open house May 19-20 on the anniversary of the opening of the Charles Shipman Payson Building...Jerry Boyle of the Waterville Morning Sentinel called with questions about secrecy in industry -- why, what subjects, etc...Millinocket radio stations WMKR and WKTR-FM have been on the market for months and there are rumors in Bangor that the owners of WKSA-FM in Ellsworth may be bidding for the two.

Sincerely,



pmc/d
Enclosure

LEGISLATIVE REPORT

April 9, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1837	Training programs for operators of water pollution facilities	Hearing February 1 on appropriations table
1891	Designates PCBs as hazardous waste	Enacted
2198	Hazardous waste transportation	Approved in both Houses
2247	Controls for hazardous air pollutants	Watered down
2273	Changes timetable for environmental permits	Redraft requires applicant's concurrence for delays on permits for hydro facilities
2397	Hazardous substance 'right to know law'	Enacted
2410	Authorizes BEP to establish mixing zones	Committee favors

Labor

495-497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	Withdrawn
1851	Revises procedures for appeals under workers' compensation law	Preliminary approval...MCCI supports as amended
2087	Increases covered wages under unemployment compensation	Amended version acceptable to MCCI
2341	Unemployment compensation fund changes	

Natural Resources

1302	Bans fees for public access to public lands	Carried over from 1983
2011	Adds three people to staff of LURC	PIIO, GNP support... Hearing Feb. 7
2086	Regulates timber harvesting in Allagash Waterway	Hearing February 28... GNP plan sent to study
2258	Pingree-State land exchange	Approved by committee
2354	Forest practices study	
2369	Public lands	Requires annual report on gates and fees
2404-2405	Revises wood measurement law	Majority report Minority report
2417	Sunset review report	
2418	Land use violations enforcement	Minority report
2419	Land use violations enforcement	Majority report

Taxes

1987	Reimburses towns for taxes lost under Tree Growth Tax	Routine...PIIO supports
1988	Establishes cost of Spruce Budworm Suppression Tax	Hearing February 23... GNP, PIIO support
2000	Repeals requirement towns provide information under Forest Fire Suppression Tax	Hearing March 5...
2148	Municipal Cost Component	New draft due
2347	Forest Fire Control Tax	100 percent general fund...majority report
2348	Forest Fire Control Tax	Killed in House
2409	Tax conformity proposal	Committee favors

Other Subjects

1977	Reduces fees and makes other changes in Chemical Substance Identification Law	Redraft ready
2390	Requires owners of dams to warn of discharges	Inland Fisheries and Wildlife will designate danger areas for fishing



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

April 16, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending April 13:

Department of Conservation, or Controversy?

When Governor Kenneth M. Curtis proposed reorganizing 200 departments, boards and agencies into 15 major departments in 1972, the Legislature quickly approved most of the new "super" agencies. The biggest controversy was over the Department of Conservation. Fishermen and hunters convinced legislators that the Department of Fisheries and Wildlife should remain independent. With that concession, Curtis got his new department -- merging the state departments of parks and recreation, forestry, geological survey and Land Use Regulation Commission and creating the Bureau of Public Lands.

Under Commissioners Donaldson Koons, Richard Barringer and Richard Anderson, the department was continually involved in controversy. Koons resigned because of differences with Curtis' successor, Jim Longley. Opposition to Barringer from the forest industries resulted in the Legislature at first rejecting his renomination by Governor Brennan, although on second try Barringer was confirmed by a one-vote majority. Anderson was a former executive director of the Maine Audubon Society, a former state biologist and a person with a long record of successfully dealing with the forest products industry. His appointment was applauded by industry and the environmental establishment.

Four years after his appointment, Anderson is being widely criticized.

Environmentalists were opposed to a plan to build a causeway to Gero Island in Chesuncook Lake. The proposal was dropped.

The forest industry is hearing from attorneys that the Bureau of Forestry has charged entire salaries and the entire administrative cost of the agency to the unorganized territory tax, mostly paid by paper companies and major landowners. In all, over the last several years, as much as \$20 million may have been mishandled or misappropriated by all state agencies which deal with the unorganized territory, attorneys say.

There has been constant criticism of the handling of the money paid by industry to finance the spruce budworm control program.

The Bureau of Forestry is the biggest of the Conservation Department's bureaus with 280 employees and is the center of controversy. Employees are openly critical of the department for appropriating resources and manpower to create a new Bureau of Technical Services to serve all bureaus within the department. They say Brennan administration red tape is blocking the purchase of needed vehicles for which the funds are available -- and say Anderson won't fight on their behalf. The Bureau of Forestry personnel say Anderson has talked openly of firing Director Ken Stratton. Representatives of the U.S. Forest Service based in Maine questioned the commitment of the Conservation Department to forest productivity.

In the 1984 session of the Legislature, Great Northern Paper found the Conservation Department's top leadership constantly overriding the bureau chiefs. The department helped little in finding solutions to issues involving the Allagash Wilderness Waterway and duplication of responsibility in the unorganized territory for LURC and the Department of Environmental Protection.

Anderson is vigorously supporting efforts to find more ways to burn wood to create electricity. He ties wood burning to improved forest management. This obviously is a high priority for the department. He also has encouraged a worthwhile program of forestry education in Maine schools. But the Commissioner hasn't been able to get the department out of controversy.

There remains the feeling that the real power in natural resources policy making remains in Barringer's hands. Barringer took with him from Conservation to the State Planning Office the Land and Water Resources Council, the coordinating agency for such policy.

Big A -- Another Week

Representative John Diamond of Bangor, Assistant House Majority Leader, started asking colleagues on the Legislative Council April 9 to consider allowing the Legislature to vote on a resolution on the Big A project. The resolution would call on the Federal Energy Regulatory Commission (FERC) and LURC to give special consideration to environmental aspects of the project. After learning of the resolution, Lynwood Hand quickly went to leaders to ask continued opposition in this session to any matter dealing with the hydropower project. At week's end, he was told Diamond had withdrawn the proposal drafted by Bill Plouff of the Maine Audubon Society. Senate Majority Leader Charles Pray, Chairman of the Legislative Council, refused to call a meeting to discuss Diamond's resolution. The Council twice refused to admit legislation aimed at blocking the project.

The company placed an advertisement in the Katahdin Times to thank the newspaper for supporting the Big A project in an editorial and also to thank a director of the Fin & Feather Club for writing the Bangor Daily News to refute statements made by Joe Foran of the Natural Resources Council of Maine.

The Legislature: On and On

A hearing will be held at 10 a.m., Wednesday, April 18, in Augusta on a proposal to fund full federal-state tax conformity and provide 50 percent of forest fire control costs from the general fund. The Legislature, as a whole, will take the week off and return April 24-25 to complete the session.

Funds for tax conformity, fire control costs and increased revenue sharing for towns and cities would come as a result of repeal of the sales tax exemption on cigarettes and relocation of \$5 million previously earmarked for circuit breaker property tax relief. Republicans are balking. They also want tax conformity but say the Legislature can find the money by cutting costs, rather than a new tax. Industry will support the proposal of Senator Frank Wood, chairman of the Taxation Committee.

In other matters:

- Amendments to the state's wood measurement law were approved with a handful of loggers at the State House claiming victory.
- The "citizens right-to-sue" bill promoted by environmentalists was killed.
- A redrafted municipal cost component for the unorganized territory includes authorization for a special committee to study services, and the advisability of organizing the unorganized territory.

A summary of legislation is attached.

June: Sales Tax Increase?

While members are still seeking to finance matters before the second regular session of the 111th, legislators are anticipating a Brennan administration proposal to increase the sales tax by one percent in June to finance a program of upgrading educational programs. A special commission has recommended spending \$63 million annually to raise salaries of teachers in public schools and in the university system. In 1982, Great Northern Paper paid \$3,300,000 as a result of the five percent tax, much of it on oil.

MCCI: Slow Going

After a Michigan man decided against accepting the position of president of the Maine Chamber of Commerce and Industry, directors met April 12 to consider hiring the number 2 candidate. They decided to instead seek new candidates. Criticism of the directors for letting the chief staff job stay open for several months was being heard in Augusta last week.

North vs. South: Two Maines

The Eastern Maine Development District is planning an April 26 meeting with business representatives to solicit funds for a conference on developing an economic development strategy for eastern and northern Maine. The concern over the "Two Maines" is spreading as a result of recent speeches by Merrill Bank President Bill Bullock. A bipartisan legislative group led by Senator Pray, but also including Republican Senator Tom Perkins of Blue Hill, has also indicated an interest in the subject.

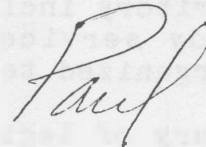
Appointments

Jim Giffune is one of three representatives of the forest industry named to an advisory committee on forestry issues to the Land Use Regulation Commission. Recommended by the Audit and Program Review Committee to improve communications between landowners and LURC, the advisory committee is dominated by LURC commissioners, environmentalists and state biologists.

Other Matters

We answered questions from Connie Delong of the Somerset County Industrial Development Committee regarding the company's purchases and products. The committee is looking for ideas to attract new businesses...A map of the company's hydropower system was sent to John DiMatteo, President of the Gannett newspapers in Portland...A new television commercial promoting the company's image was approved by R. F. Bartlett and R. W. Noyes. It was produced by the New England Group of Portland...Galen Lander discussed the Big A project at an environmental forum at Husson College.

Sincerely,



pmc/d
Enclosure

Distribution:

E. E. Allain	W. M. Dillaway	C. A. Hutchins	P. P. Paul
R. F. Bartlett	J. E. Farmer	R. R. Johnson	T. N. Pendleton
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P. Cannella	T. A. Galas	D. J. Krohn	D. R. Roop
J. B. Carson	J. M. Giffune	W. R. Laidig	W. A. Saucier
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A. L. Clark	W. R. Heal	W. E. Lloyd	O. K. Tripp
G. H. Cook, Jr.	R. Hellendale	O. J. Lombard	W. D. Vail
W. E. Cozens	D. O. Hickey	V. F. Mattson	G. E. Veneman
S. P. Curtis	S. M. Hill	O. H. Merrill	D. W. Westfall
A. B. Danforth	S. G. Hobson	C. L. Nelson	H. Willets
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A. E. Dentremont	P. D. Hubbe	J. F. O'Handley	

LEGISLATIVE REPORT

April 16, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1837	Training programs for operators of water pollution facilities	
1891	Designates PCBs as hazardous waste	Signed into law
2198	Hazardous waste transportation	Enacted
2273	Changes timetable for environmental permits	Redraft requires applicant's concurrence for delays on permits for hydro facilities
2397	Hazardous substance reporting law	Signed by Governor
2410	Gives BEP job of fixing millyard air quality mixing zones	Enacted
2435	Authorizes BEP to establish mixing zones	
2445	Citizen 'standing' for environmental suits	Killed (108-36 in House, 17-11 in Senate)
2455	Inventory, review of hazardous air pollutants	

Labor

495-497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
1038	Redefines occupational hearing loss	Withdrawn
2341	Standardizes unemployment compensation tax rate at 5.4 as required by federal law	Enacted

Natural Resources

2258	Pingree-State land exchange	Enacted
2354	Forest practices study	Enacted
2368	Regulates timber harvesting in Allagash Waterway	Enacted
2369	Requires annual report on gates limiting access to public lands	Signed
2385	Adds three people to staff of LURC	
2404	Revises wood measurement law	Signed
2417	Sunset review report	Enacted
2418	Land use violations enforcement	Enacted
2460	Borrowing authority for spruce budworm program	

Taxes

2233	Establishes cost of Spruce Budworm Suppression Tax	Signed
2260	Reimburses towns for taxes lost under Tree Growth Tax	
2347	Forest fire control tax	
2409	Tax conformity proposal	
2458	Municipal cost component	

Other Subjects

2390	Requires owners of dams to warn of discharges	Enacted
2463	Reduces fees and makes other changes in Chemical Substance Identification Law	Enacted



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

April 23, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending April 20, 1984:

Future of the Unorganized Territory

The Legislature has quietly given all but final approval to creating a special committee to study the future of the unorganized territory.

The unorganized territory covers half the state of Maine and is composed of 48 plantations and 416 unorganized towns with a population of 12,000. In the summer months, the population triples. While plantations can be found in 10 of the state's 16 counties, most of the unorganized towns are in northern and eastern Maine.

Great Northern Paper is the largest landowner, employer and taxpayer in the unorganized territory. The company owns approximately twenty percent of the 10.2 million acres. All of the company's logging camps are in unorganized towns. Two of the company's hydroelectric generating stations and all 13 storage dams are in the region. So is the site of the Big A project. The company incurred taxes of approximately \$1,800,000 in 1982, one-third of the total Unorganized Territory Education and Services Tax.

Why Do We Have an Unorganized Territory?

When Maine became a state in 1820, historian David C. Smith says the lands were "thought to be a vast Garden of Eden, to be sold to prospective farmers." But Smith wrote in "A History of Lumbering in Maine, 1861-1960" that these lands, located as they were "in a desolate area with a severe climate, were in fact little more than a white elephant." He said, "the more fertile lands of the west tolled family after family away" and lumbermen took control.

What is the Unorganized Territory?

It is composed of unorganized townships and plantations.

The unorganized townships have no local government. Some are inhabited, many are not. They can be found in eight of 16 counties. Township 3, Range 11 is in the site of Ripogenus Dam, 25 miles northwest of Millinocket with a population of 20. For such townships, all governmental services are provided by the state.

Then there are the plantations. Plantations have limited local government. Taxes are collected by the state. Caswell Plantation, near Limestone, had a population in 1980 of 586 and Connor Plantation, bordering Caribou, 574. Nashville Plantation with a population of 48 in 1980 is the site of Pinkham Lumber. Why are they called plantations? In his book "Maine Lingo," author John Gould writes "planters was the official word to describe the first organized English settlers in Maine...possibly to disarm French suspicions...The French were well established with good fishery stations, and were not likely to regard planters as competition." In "The Length and Breadth of Maine," Stanley B. Atwood says the planters' settlements became known as plantations.

Why is the Legislature Initiating a Study?

How to tax the unorganized territory has been debated for years. Some have seen such taxes as a way of generating revenues at the expense of big corporations and rich landowners. Others have cautioned fair play and legal opinions and have barred taxes aimed only at the unorganized territory if not equitable with those paid in cities and towns.

In 1974, Harrison L. Richardson of Cumberland, a candidate for Governor, suggested organizing the unorganized territory to allow the state to reclaim free the timber and grass rights sold years before. The "Grand Plantation" which was his goal died when negotiations got under way on the issue.

In 1977, voters repealed the state uniform property tax and the Legislature instituted the Unorganized Territory Education and Services Tax to pay for services provided elsewhere by local governments.

In the late 1970s, State Senator Jim McBreaity of Perham started investigating the projections of state agencies for annual expenses which make up the municipal cost components of the unorganized territory tax. First to admit falsely tapping the fund was the State Police. It was generally agreed most county governments had inflated requests and diverted interest on those surpluses to other purposes. McBreaity and others have initiated a court case to reclaim the funds the state raised in this manner. Attorneys say as much as \$20 million is involved.

In 1984, the Legislature grappled again with the question of who should pay for zoning and planning services provided by the Land Use Regulation Commission. McBreaity contends LURC is a state imposed service which shouldn't be paid for only by landowners in the unorganized territory. On the other side of the argument is House Speaker John Martin, a staunch defender of environmental regulation in the unorganized territory. The two Aroostook legislators do agree on the need for fair play for those who have to deal with LURC and its staff.

This year McBreaity convinced the Taxation Committee it was not fair to impose a special tax on the unorganized territory because townships had no fire departments and not to do so on unorganized towns which had no fire departments. Taxation Committee Chairman Frank Wood warned his colleagues of the political uproar which would result in 50 or 60 towns having to pay a special tax of nine cents an acre. The savings of \$771,618 reduced the municipal cost component to \$4,289,767. The biggest expense is education with \$3,512,022 -- inflated by \$520,000 set aside from surplus in Washington County for a new school.

As a result of the LURC situation and as a result of the frustrations of the Committee on Taxation in trying to tax the 6,000 residents of the unorganized territory and as many who live in plantations, the study is being undertaken. The legislation calls for "A review of the organization, administration, funding and delivery of services to the unorganized territory. The committee shall review the methods used for estimating the costs of each component and shall identify alternative methods of providing and funding municipal services in the unorganized territory, including the advisability of organizing the unorganized territory."

Two legislators from the Energy and Natural Resources Committee, two from the Local and County Government Committee, two from Taxation, three from the Legislature at large, the executive director of LURC and a municipal officer from the unorganized territory will comprise the committee.

A report is due in 1985.

The Legislature -- On and On and On

While the Legislature as a whole recessed for a week, the Taxation Committee held a hearing April 18 on the funding package for federal-state income tax conformity, forest fire control, revenue sharing and other programs. Repeal of the sales tax exemption on cigarettes and reallocation of \$5 million set aside for property tax relief would provide the necessary \$13 million.

Only the cigarette industry opposed the plan but members of the Taxation Committee couldn't agree on all the details in two workshops and will resume deliberations at 10 a.m. April 23. The full Legislature reconvenes at 2 p.m. the next day and the session is scheduled to wind up April 25.

The Taxation Committee was split along party lines as the week ended with Republicans opposed to providing \$500,000 for the Appropriations Committee to use as members pleased. There is little hope of a unanimous report favoring tax conformity and financing fire control with 50 percent general fund revenues. Two of the 13 members may even call for a tax on timber as it is cut.

On other matters:

A lack of money resulted in the Appropriations Committee voting to kill the proposed study of the state's timberlands.

Governor Brennan delayed until April 27 signing a new wood measurement law.

Washington Visit

I discussed the state of Maine proposal that it be allowed to share authority with the Federal Energy Regulatory Commission (FERC) over hydropower projects with congressional aides during a Washington visit April 17. Staff members of the Senate Energy and Natural Resources Committee and the House Science and Technology Committee say no hearings are scheduled on a bill filed at the request of Governor Brennan by Senator Mitchell. No other states are supporting the Maine approach. Senator Cohen's staff says ramifications of the bill are so broad that Cohen will not join Mitchell in co-sponsoring the proposal. Great Northern Paper opposes the Maine approach.

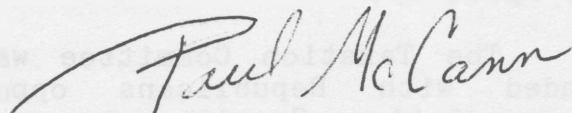
I also discussed this and other matters with Kirk Walder, Administrative Assistant to Congresswoman Snowe. Walder says Mrs. Snowe's mail is heavy, dominated by the issues of a nuclear freeze and Central America.

Other Matters

The October 21 edition of the Bangor Daily News carried a story by Business News Reporter Allan Lobo on the subject of the Great Northern Nekoosa annual report. Cheryl Hutchins was interviewed by the reporter...A campground operator on the West Branch is said to be ordering bumper stickers with the slogan "All the Way, Big A" to counter those with a theme "No Way, Big A" being distributed by environmentalists...Colin Nickerson of the Boston Globe is planning a story on the Town of Millinocket and will come to town May 2 to visit the mill and the community...Feliccia Iesberg of the New England Monthly Magazine called to check the facts in an article on the Big A project which will appear in the magazine's next issue...Abby Zimet of the Maine Sunday Telegram called to ask information on Great Northern Paper's position on the wood measurement law passed by the Legislature. With coaching from Skip House, I told her why we lobbied against the proposal, told her of the potential problems we saw and said the company, as always, would attempt to make the law work. I declined to be drawn into a debate over scaling. Miss Zimet wasn't pleased but Skip and I saw nothing to be gained in debating this woman, a longtime industry critic. No story appeared in the April 22 edition and we may face more questions.

Sincerely,

pmc/d
Enclosure



LEGISLATIVE REPORT

April 23, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1837	Training programs for operators of water pollution facilities	Appropriations tabled
1891	Designates PCBs as hazardous waste	Signed into law
2198	Hazardous waste transportation	Signed into law
2273	Changes timetable for environmental permits	Redraft requires applicant's concurrence for delays on permits for hydro facilities
2397	Hazardous substance reporting law	Signed by Governor
2410	Gives BEP job of fixing millyard air quality mixing zones	Signed into law
2435	Authorizes BEP to establish mixing zones	Signed into law
2445	Citizen 'standing' for environmental suits	Killed (108-36 in House, 17-11 in Senate)
2455	Inventory, review of hazardous air pollutants	Appropriations tabled

Labor

495-497	Exclusive state fund for workers' compensation	Carried over from 1983
752	Competitive state fund for workers' compensation	Carried over from 1983
2341	Standardizes unemployment compensation tax rate at 5.4 as required by federal law	Signed into law

Natural Resources

2258	Pingree-State land exchange	Signed into law
2354	Forest practices study	Appropriations tabled
2368	Regulates timber harvesting in Allagash Waterway	Signed into law
2385	Adds three people to staff of LURC	Signed into law
2404	Revises wood measurement law	
2417	Sunset review report	Enacted
2418	Land use violations enforcement	Signed into law
2460	Borrowing authority for spruce budworm program	Enacted

Taxes

2233	Establishes cost of Spruce Budworm Suppression Tax	Signed
2260	Reimburses towns for taxes lost under Tree Growth Tax	
2347	Forest fire control tax	
2409	Tax conformity proposal	
2458	Municipal cost component	

Other Subjects

2390	Requires owners of dams to warn of discharges	Enacted
2463	Reduces fees and makes other changes in Chemical Substance Identification Law	Enacted



Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

April 30, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending April 27:

The Legislature: Over, For Now

When the second regular session of the 111th Legislature ended April 26, members got mixed reviews from the business community:

Increasing the minimum wage to the highest level for any state in the country evoked lots of criticism, particularly from small business and from industries such as textiles and shoes.

Approving state-federal income tax conformity for corporations and reducing the tax burden on landowners for forest fire control were welcomed by the paper industry.

When the session opened, five subjects were identified as high priorities for Great Northern Paper. Here is what happened on those five:

Preventing any new barriers to the Big A project	Achieved
Tax conformity	Achieved
Preventing designation of Baxter Park as a Class I air quality zone	Never came up... rejected by BEP
Workable and affordable forest fire control tax	Achieved
State commitment to intensive forest management	Put off

The final days of the session saw the same people who vigorously opposed federal-state income tax conformity last fall now insisting it was necessary. Taxation Committee Chairman Frank Wood led the way, patiently guiding to approval the financial package that made it possible. The Brennan administration jumped on the bandwagon. After the hearing on the tax package, Representative John Cashman of Old Town joked, "Tax conformity is the only noncontroversial thing in it (the legislation)." In 1984, Cashman was a leading opponent. After the House voted 114-27 in favor of conformity, it was clear the battle was won. Depending on how the unitary tax law is implemented, a savings of \$220,000 to \$600,000 is possible for Great Northern Paper.

But the Brennan administration didn't like the amendments to the forest fire control tax law. The Taxation Committee favored a financing formula calling for 50 percent general fund revenues and 50 percent to be raised by a tax on parcels of over 500 acres. The Governor wanted only a third to come from the general fund. The present cutoff is 100 acres. The projected statewide rate of 25.9 cents per acre with the nine-cent per acre "first response" charge in the unorganized territory could mean a \$100,000 savings for Great Northern Paper. The Legislature reacted to a widespread outcry against the approach taken a year ago when landowners in towns and cities got their first bills for forest fire control taxes.

A third item in the package was a 28 percent increase in state aid to municipalities, and again the Governor thought legislators went too far in approving a two-year program until the revenue picture was clearer. What's this mean to Great Northern Paper? In Millinocket where the company pays 70 percent of the property taxes, state revenue sharing will increase from \$194,682 to \$239,447 this year and approximately \$260,000 in 1985, according to lobbyists for the Maine Municipal Association.

The tax package was funded by repealing the sales tax exemption on cigarettes and using \$5 million set aside previously for property tax relief.

Despite his objection to portions of the legislation, State House lobbyists expect the Governor to sign the bill into law.

The consensus among lobbyists representing the paper industry was that the results of 1984 offset most of the losses of 1983. The big disappointment was the wood measurement law. Passed over Great Northern Paper's objections after months of lobbying, the law will create serious problems in the opinion of the woodlands department. But Representative Paul Jacques of Waterville, a consistent supporter of Great Northern Paper, is one of several who has not been convinced: "You guys do things right. You haven't got a problem in the world."

The scars of the battle over increasing the minimum wage may linger. By a one-vote margin, the House approved House Speaker John Martin's compromise plan increasing the minimum wage from \$3.35 an hour by 10 cents in each of the next three years. Opponents say Democratic leaders threaten Lewiston-Auburn area representatives that a four-cent a gallon tax incentive for an ethanol plant would be killed if they didn't switch and support the minimum wage increase. Cianbro and E. C. Jordan are partners of an oil distributor in the \$94 million Auburn distillery.

Still to Come: June Session and Studies

Governor Brennan has announced he will call a June special session to consider proposals to improve the quality of education in Maine. A special commission has recommended investing an additional \$63 million annually in public education. That has led to widespread talk of a proposal to increase the sales tax.

The Legislature put off until June action on a new rehabilitation program under workers' compensation insurance. Hank Magnuson of the Paper Industry Information Office expects legislation covering exchanges of public lots between paper companies and the state.

Studies which have been scheduled include:

Forest practices, a study revived despite opposition to spending the money;

Department of Environmental Protection under the Sunset Law;

Services, taxes and other matters relating to the unorganized territory.

Big A: The Friendly Opposition

Nick Albans of Bangor is a leader in Trout Unlimited. He stopped at the State House during the final days of the legislative session to see if the Governor had signed a bill providing general fund revenues to solve the worst of the financial problems of the Fisheries and Wildlife Department. Albans was returning from a speaking engagement in Yarmouth: "I told them the West Branch must be spared from the Big A project. Great Northern Paper has other choices." He considers himself a friend of the company and praises it for allowing public use of roads and lands. Albans was also elated that the West Branch Coalition had found lawyers to oppose the Big A in Washington.

The Washington firm of Wilmer, Cutler and Pickering has accepted the group as "pro bono" clients -- recipients of the public service legal services. Some in Maine will remember Lloyd Cutler as President Carter's counsel during the Indian Land Claims controversy. Aides in the Washington offices of the Maine delegation say Cutler is one of the city's "super lawyers" with a respected and influential firm. Wilmer, Cutler and Pickering have had little experience in dealing with the Federal Energy Regulatory Commission.

In the May issue of Habitat, the Journal of the Maine Audubon Society, Executive Director Chuck Hewett writes "Great Northern has alternatives to the dam that would provide most, if not all, of the same advantages for the company without despoiling one of the state's premier rivers." The entire issue of the magazine is devoted to the topic of the Big A project.

Northern and Eastern Maine 'Summit'?

Distressed by the economic problems facing northern and eastern Maine and unhappy being constantly compared unfavorably with the booming Portland region, economic developers and businessmen met April 26 in Bangor to discuss a June strategy meeting. Their goal: a legislative

initiative in 1985. But the lack of a consensus on what constitutes the problems of the region and the jockeying for the limelight resulted in little progress. Some want to concentrate only on the potential of the Bangor-Orono region. The Eastern Maine Development District is trying to coordinate the effort. I have told EMDD President Mike Aube we will consider joining others in financially supporting a conference if it deals with the region and the problems and potential of existing industries.

Museum Open House

The expense of a two-day open house at the Portland Museum of Art, May 19-20, will be underwritten with a \$10,000 grant from the Great Northern Nekoosa Foundation. The museum in downtown Portland gained national recognition last year when a new wing was opened containing a collection of Winslow Homer paintings loaned by Charles Shipman Payson. Throngs lined downtown streets last year and museum officials hope many will return during the 1984 open house. A special tour for Great Northern Paper employees and their families is planned. We also will sponsor a full-page advertisement in Portland newspapers and assist in other ways in promoting the open house.

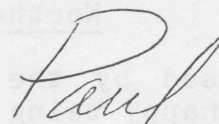
Television Advertising

A new Great Northern Paper television commercial based on a theme developed by the New England Group will start appearing April 30 on television news and public affairs programs in Portland, Bangor and Presque Isle with 80 percent of the budget devoted to Southern Maine. The theme of the commercial, built around the cycle of a tree in the papermaking process, is "Growing with Great Northern Paper." The agency was asked to produce a commercial distinctly different from those of the past and did so by combining photography and artwork. The goal of the early summer campaign: Reinforcement of Great Northern Paper's positive image as the Big A controversy continues.

Other Matters

Barbara Reidman, director of social responsibility for Unionmutual, outlined the insurance company's policies and procedures regarding charitable contributions at an April 25 meeting in Portland. Health promotion is the number one priority and 65 percent of the contributions go to related projects. The 1984 budget is over \$1 million...Henry Payson of the State Planning Office who is coordinating a state telecommunications policy study has asked for information on Great Northern Paper's problems and needs. He will be talking with Dick Hale...In Portland April 25, I visited the Portland Performing Arts Center. A contribution to finance a summer evening of jazz music has been requested...With help from the crew in the West Branch district of the woodlands department, Roger Boynton finished redoing an exhibit for the GNN annual meeting May 2 in Stamford.

Sincerely,



pmc/d
Enclosure

LEGISLATIVE REPORT

April 30, 1984

Environmental Affairs

<u>L.D.</u>	<u>Subject</u>	<u>Status</u>
1837	Training programs for operators of water pollution facilities	Enacted
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2417	Sunset review report	Signed into law
2418	Land use violations enforcement	Signed into law
2460	Borrowing authority for spruce budworm program	Enacted

Taxes

2233	Establishes cost of Spruce Budworm Suppression Tax	Signed into law
2260	Reimburses towns for taxes lost under Tree Growth Tax	Enacted
2458	Municipal cost component	Enacted
2474	Tax conformity and forest fire control tax	Enacted

Other Subjects

2390	Requires owners of dams to warn of discharges	Signed into law
2463	Reduces fees and makes other changes in Chemical Substance Identification Law	Enacted



Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs
May 14, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending May 11:

Millions for Education?

With Governor Brennan planning a June special session to deal with the needs of education in this state, the subject was discussed by three speakers at the annual meeting of the Paper Industry Information Office.

The Orono campus of the University of Maine was pictured as desperately in need of additional state financial support, particularly for salaries. Dr. Arthur Johnson, acting president, said the quality of education and services will go downhill if the trend in state support is not reversed.

Only by improving the public education system can Maine citizens reap the benefits of a robust economy, State Planning Office Director Richard Barringer said. Barringer is Executive Director of the Commission on the Status of Education, a group appointed by Governor Brennan, which has recommended spending an additional \$60 million annually for education.

A strong commitment to education is needed, said Robert Masterton, President of Maine Savings Bank, one of two businessmen on the Commission, adding "We can't depend on a bake sale...it's going to take a major effort."

"We are not talking about money citizens of Maine can't afford," Barringer said in outlining the Commission's recommendations. An expanded system of testing would measure progress of students and the effectiveness of faculty. The minimum salary for teachers would increase from \$10,000 to \$15,000. The price tag: \$38 million annually.

In response to the needs of the University system, an additional \$17.5 million would be allocated to "raise per capita expenditures for public higher education to a position at least equal to our ranking among the states in per capita income (currently 41st) and accomplish this by the end of this decade."

On top of the general fund appropriations, Barringer predicted bond issues in the \$50 million range will be proposed to meet needs for facilities.

Why is such a big dose of spending necessary? Johnson, Barringer and Masterton all agreed privately that the big job of catching up traces back to the era when the late James B. Longley was Governor. The trend of state aid to education was reversed, particularly funds for the University.

Barringer said May 5 at the PIIIO meeting in Rockport that a one percent increase in the sales tax would provide the \$60 million but "we have been told by the Democratic leaders in the Legislature that they will not go along with a sales tax increase." He said the Planning Office is balancing the effects of different combinations of the sales tax and income tax.

At a meeting of the Public Affairs Committee at PIIIO in Augusta May 10, Attorney Jim Good of Portland reported Planning Office economists say the options being explored include:

- Expanding the scope of the sales tax to include services provided in barber shops, for automobile repairs and for the services of plumbers, electricians and carpenters. Good said this is a "very likely possibility."
- A ten percent surcharge on the income tax.
- Reviving the proposal for a tax on meals and lodgings which was rejected several weeks ago.
- Repealing the sales tax exemption for liquor.

Members of the PIIIO committee expressed concern over a flat one percent increase in the sales tax because of its influence on energy costs. (In Great Northern Paper's case, a one percent increase would add approximately \$450,000 to the cost of oil.) In recent years, legislators have been reviewing tax exemptions and the only one which would result in substantial revenues if eliminated is the sales tax exemption for machinery and equipment. In the next several weeks, industry representatives will be monitoring the deliberations within the Brennan administration. The PIIIO group is trying to complete a tax study project which will provide information for evaluating proposals and lobbying. In the study, the taxes paid by a model mill in Maine are compared with those in other papermaking states. Attorney Good is coordinating the project.

Economic Education - IP Leads the Way!

John George, President and Chief Operating Officer of International Paper, was the speaker at a May 3 dinner marking the fifteenth anniversary of the Maine Council on Economic Education. Earlier in the day, George toured schools in the Jay area. At the banquet, he announced a \$10,000 challenge grant to the Maine Council.

State Tax Assessor?

Since the retirement of Ray Halperin, Governor Brennan and Finance Commissioner Rod Scribner have been trying to recruit a state tax assessor. Two names are now being mentioned for possibilities for the \$35,000 a year post. One is Senator Frank Wood, the retiring chairman of the Taxation Committee. Brennan praised Wood as the "senator of the year" at the State House ceremony where tax conformity legislation was signed. Charles Colgan, an economist in the State Planning Office, is also considered a likely candidate. Colgan won the respect of attorneys in the process of developing a mining tax in 1982. He's now weighing the options for financing the education package.

Big A: Study Opposed

With Representative Michaud of East Millinocket leading the opposition, 9 of the 13 members of the Energy and Natural Resources Committee have lined up against Senate Chairman Kany's proposal for a study of the West Branch of the Penobscot. But what may seal the fate of the Kany proposal is the opinion of Senate Majority Leader Pray that Mrs. Kany is too late with her idea. Pray is chairman of the Legislative Council which must approve all studies. Mrs. Kany, in asking fellow committee members to approve the study, said "the Legislature as a whole needs to address questions such as hydropower vs. non-hydropower development."

Portland Activities

In Portland May 8, I participated in meetings at the Video Workshop (where cost estimates were requested on a videotape introduction to the company), at the Greater Portland Chamber of Commerce (where we were asked to join in a program promoting the region's livability), at the Portland Museum of Art (where plans were completed for a special tour for Great Northern Paper employees), at the New England Group (where a Maine Sunday Telegram advertisement promoting the museum open house was approved) and at Westbrook College (where a proposal for a Great Northern Nekoosa Foundation contribution was made).

Spraying in the Forest

With another Maine Bureau of Forestry spraying program scheduled to start in late May, public sensitivity to such spraying continues to be evident in Maine. Down East, town officials who oppose spraying unsuccessfully, challenged the state's right to use the Princeton airport. At the Democratic State convention in Lewiston, a platform plank opposing spraying was adopted. The Ellsworth American in a May 10 editorial concluded "For most citizens, the day when no more chemical sprays are used cannot come too soon." The editor of the Ellsworth newspaper, James Russell Wiggins, is an enthusiastic supporter of Great Northern Paper, but dissents on the question of spraying with pesticides.

Other Matters

As expected, Abby Zimet of the Maine Sunday Telegram wrote a story published May 6 which was critical of the paper industry's lobbying on the wood measurement law passed by the Legislature. With her longstanding biases, it is surprising the Portland papers assign her to such subjects...In the Boston Globe of May 6, Colin Nickerson of the Globe staff described Millinocket as the last of the mill towns. He was surprisingly critical of safety conditions -- something he didn't bring up in our talks. Nickerson told me he had found no one critical of the company...In Montreal at the convention of American Newspaper Publishers Association, I talked with John DiMatteo of the Guy Gannett Publishing Company, Campbell Niven of the Bath-Brunswick Times Record and Rick Warren of the Bangor Daily News...A newspaper advertisement and a series of radio announcements were prepared to advise the public of the closing of two bridges for repairs in the West Branch region...Bob Wright answered questions from Anne Erickson about the spruce budworm spraying program...With several others, I participated in a planning meeting for a mock chemical disaster drill. The project was requested by the Millinocket Regional Hospital and will be held May 15 in the Engineering and Research Building...A newspaper advertisement and radio announcements were proposed to promote the Open House at the East Millinocket mill climaxing with an annual spring cleanup.

Sincerely,

Paul

pmc/p

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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

May 29, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending May 25:

Criticism of the Big A Project

"...The Big A dam is a bad idea because it will drown the West Branch. The river should be preserved, not to save the fishing, certainly not to save the rafting, but to preserve the gorge, the falls, the island in the stream in the fast water and the dead water where the eagle flies and the moose feeds."

- Peter Anderson, Boston Sunday Globe,
May 20, 1984

Summer has come to the West Branch and writers for out of state publications are braving black flies to gather information for stories on the Big A hydropower project. Anderson writes a column. He was followed north by John Laiton who said he was preparing articles for the business news pages of the Globe and for Canoe Magazine. A story on the subject appeared in the June edition of New England Magazine by Robert Kimber. Entitled "The Big One That Got Away...The new Maine Rivers Law saved all but the very best, "the text highlighted the fact that the Brennan administration's plan "did not include the West Branch on the bill's list of protected rivers, even though a state study had ranked it as one of the most valuable river segments in Maine."

The interest of reporters from out of state shows no signs of diminishing.

There has been much less interest in the subject from the Maine media.

Down East, the attractive monthly magazine, devoted seven pages of text and photographs in its June issue to the big -- and exciting business "of white water rafting on the Kennebec and Penobscot." Michael T. Kinnicutt concluded the "Big A bids fair to develop into one of the fiercest environmental battles of the 1980's."

And to the surprise of no one, the annual sportsman's opinion poll of the Maine Sportsman based on readers' responses produced these questions and answers:

Q. Do you know about Great Northern Paper's plan to build the "Big A" dam on the West Branch of the Penobscot which will flood Ripogenus Gorge and the Big Eddy?

A. Yes, 73 percent; No, 26 percent.

Q. Do you favor preserving the stretch of the Penobscot River threatened by the "Big A" dam?

A. Yes, 80 percent; No, 11 percent.

The Maine Sportsman is a monthly newspaper. In announcing results of the poll, the newspaper did not say how many readers responded.

Environmentalists, rafters, fishermen and others opposing the Big A have made no bones about their frustrations in trying to get the public interested in the Big A issue. While public opinion hasn't been sampled for some time, most people we asked May 22, 23 and 24 said they didn't believe most people were aware of the project. Only the environmentalists are excited, in the opinion of most observers.

Great Northern Paper is responding to questions from all writers.

The company is also aggressively building its image. Print and television advertisements center on the forest resources. This approach is based on a November 1981 public opinion poll which concluded that the more people that identified with the company, the more must support Great Northern Paper. Eighty percent of the current television budget is being spent in the Portland market where polling showed people have less knowledge of the company.

In late June, a new road safety campaign in the West Branch region will urge visitors to drive with caution with weekday traffic increasing and the risks of accidents also increasing. A folder to be distributed at gates, new welcoming signs and radio and newspaper advertisements are planned. We are polling Greenville area employees for opinions on where to advertise.

It appears opponents of the Big A have scored in getting stories on the hydropower project in out of state publications. But so far the Maine media hasn't been putting the same emphasis on the issue. And the Legislature usually ignores out of state publications, but is sensitive to views expressed in the Maine press.

The fate of the proposal for a study of the conflicts between hydropower and recreation by Senator Kany of Waterville may be decided at a May 31 meeting of the Legislative Council. A majority of the Energy and Natural Resources Committee, of which Mrs. Kany is chairperson, oppose the study.

Hike in Workers' Compensation?

Members of the Labor Committee of the Maine Chamber of Commerce and Industry met May 30 to consider a draft of a new rehabilitation program being considered by the Speaker's Select Committee on Workers'

Compensation. The consensus: If the program outlined in the draft is incorporated into Maine law, the cost of the insurance is going up. The question is how much.

Will a bill covering the expanded rehabilitation program be on the agenda for the June special session? That's what most people expect. But Governor Brennan's aides say that education will be the sole major topic. The Taxation Committee of MCCI meets May 30 to deal with that subject. Joe Farmer, a member of the Speaker's Committee, says he and his colleagues were told that an estimate of the cost of the rehabilitation program would be provided at a June 4 meeting.

Meanwhile, the Paper Industry Information Office task force trying to come up with new approaches to cutting costs has been organized and will meet in Portland June 28. Farmer, Tom Flanagan and I plan to attend.

Community Luncheon

Bill Cozens came to Millinocket May 21 to discuss how Great Northern Paper's sales strategy is changing to take advantage of opportunities created by the breakup of the Bell System. A new videotape was shown to the 30 community leaders who attended. Dick Noyes brought the group up-to-date on business. I thanked Senator Pray and Representatives Clark and Michaud for being so responsive to the company's needs in the recently completed legislative session.

Open Houses

Great Northern Paper sponsored two open houses May 19.

In East Millinocket, the open house was the climax of the fifth annual spring cleanup campaign, a joint project of the union-management safety committee. Slogan contests for young and old, a cleanest household yard in town and a department-by-department contest in the mill were included. Three newspaper advertisements and radio commercials focused attention on the project.

In Portland, the company sponsored a public open house at the city's Museum of Art. A special tour for employees of Great Northern Paper's Portland office kicked off the two-day open house. Owen Wells, chairman of the museum, welcomed the group and Bill Cozens responded that it was nice to be in Portland with such a fine museum. The event generated considerable publicity. We placed a full-page advertisement in the Portland Sunday Telegram. A \$10,000 grant by the GNN Foundation made it all possible.

Appointments

L. O. (Skip) House has been appointed to the Wood Measurement Advisory Committee of the Department of Agriculture. Skip fills the paper industry seat on the advisory group which will advise the wood measurement committee on new regulations.

I accepted an appointment by Speaker Martin to the State Compensation Commission, a five-member panel which recommends wage levels to the Legislature for members of the Legislature, constitutional officers and certain other state officials.

Washington

After reviewing Governor Brennan's proposal to the Federal Energy Regulatory Commission (FERC) that the federal agency delegate some of its authority to states with river plans which meet FERC approval, the staff of Senator Cohen is reconsidering their recommendation. The Cohen staff earlier had leaned toward a position of declining to support the Governor because of the complexities of the hydropower laws. Senator Mitchell has filed legislation to implement the Maine plan. We will discuss the matter during a June 6 Washington visit.

Other Matters

John Harrington of the American Forest Institute asked for assistance with a writer for Atlantic Monthly doing a story on house construction...Dick Dyer of the Maine Bureau of Forestry asked for assistance with a writer from the National Geographic Magazine...In Portland May 28, I met with representatives of the Portland String Quartet and the National Health Agencies of Maine...Advertisements were prepared calling attention to the tours to be offered for the public during the summer months in the Millinocket mill...A recommendation supporting a GNN Foundation grant to the Millinocket revitalization was prepared...An interview on the Mattaceunk relicensing project was arranged for Barbara Waters of the Katahdin Times.

Sincerely,

Paul

pmc/p

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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

June 4, 1984

Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending June 1:

Suddenly, The Pressure Was Off

Asked by a reporter May 31 if recommendations for improving the quality of education would be ready for a June session of the Legislature, Governor Joseph E. Brennan said the session could happen as late as September.

Suddenly the pressure was off a lot of people involved in legislative matters.

A session this month also expected to have on its agenda proposals to revise the rehabilitation benefits provided by workers' compensation insurance and land exchanges between the state and former owners of public lots.

The pressure may have been whipped up more by statements within the Brennan administration than from substance. The talk of the tax increases totaling \$50 million had excited lobbyists.

House Speaker John L. Martin May 30 said, "There isn't going to be a sales tax increase this year...there isn't going to be a corporate income tax increase...there isn't going to be a personal income tax increase...period." What the Speaker says is what usually reflects reality.

But the Commission on the Status of Education in Maine recommended May 31 a package of proposals with an annual price tag of approximately \$55 million. On top of that, bond issues for the University of Maine vocational technical institutes totaling nearly \$30 million were endorsed. Maine now spends \$500 million annually on public education.

The Commission had 22 recommendations. Number one on the priority list was a system for measuring the academic progress of the students. But it was the financial implications that attracted the attention of

the media and the business community. The Commission offered the Governor some alternatives, including:

<u>Proposal</u>	<u>Fiscal 1985 Revenue</u>	<u>Effects on Household Earnings</u>	
		<u>\$20-\$30,000</u> (Now Pay \$1,374)	<u>\$30-\$40,000</u> (Now Pay \$2,374)
Increase Sales Tax 1%	\$68.1 Million	+\$82	+\$109
Sales Tax on Services	\$99.4 Million	+\$90	+\$114
10% Surcharge Income Tax	\$32.3 Million	+\$95	+\$182
10% Surcharge on Income + 5.5% Sales Tax	\$66.4 Million	+\$118	+\$213
Raise Sales tax on Meals & Lodgings to 6%	\$ 7.9 Million	No Data	No Data
Remove Sales Tax on Liquor Sales	\$ 2.4 Million	No Data	No Data

The Tax and Economic Issues Committee of the Maine Chamber of Commerce and Industry May 30 concluded that moves to increase the sales tax, expand the sales tax to cover services or increases in the corporate income tax would have an adverse effect on the business climate. The proposal to establish a \$15,000 minimum annual salary would ignore negotiated contracts and the 37 percent increase would ripple throughout the economy. All agreed business does not want to be pictured as anti-education. The MCCI Business Policy Council will meet June 12 to consider the issue.

Neither the Commission report nor MCCI's committees or staff are prepared to deal with the question companies such as Great Northern Paper must face: What effect will a specific tax increase have on companies which must compete in national and international markets? In 1984, actions of the Legislature offset, in part, the damaging tax increases of the previous year. But most businessmen will say the business climate is continuing to erode.

Public opinion, based on a March poll by Northeast Research of Orono, supports spending more money on education. Four out of five with incomes over \$20,000 favored raising teacher pay even if it means increasing taxes slightly. Early trends from a late May poll by another organization indicated substantial support for more money for education. In the May poll, the idea of raising the sales tax seemed to be the most preferred approach to finding the revenue.

The staff of the State Planning Office, led by Director Richard E. Barringer, Executive Secretary on the Commission on the Status of Education, is planning to aggressively promote the recommendations. They'll have more time to marshal support if the session of the Legislature is delayed until after Labor Day.

The Rumor Mill

Governors have always used the Augusta rumor mill to test the political winds before making appointments. And the Brennan administration is at it again. Using the usual channel of political allies on the payroll of industry, aides of the Governor are suggesting Virginia Davis, a lawyer for the Natural Resources Council, could become director of the air quality control division of the Department of Environmental Protection. One of the Brennan administration goals is to place more women in key roles in government. The post is vacant because of the resignation of Dave Tudor. Mrs. Davis is well known to Great Northern Paper because of her advocacy of Class I air quality zoning for Baxter State Park.

Industry, as usual, is being asked by those close to the Brennan camp for alternates.

If the usual script is followed, at some time Mrs. Davis could be nominated by DEP Commissioner Hank Warren and people will be told, "a commitment was made before other attractive names were suggested."

But Warren and Brennan may not want to recruit a second environmental activist so soon. Conservation Commissioner Dick Anderson hired NRC Executive Director Rob Gardiner as director of the Bureau of Public Lands in 1983.

MCCI's Leaders

Thatcher Trafton of Norway is the first president of the Maine Chamber of Commerce and Industry. Unable to recruit to their liking, the MCCI search committee asked Trafton, a committee member, to take the job. Trafton recently sold a laundry business which provided industrial services in portions of Maine and New Hampshire. The new MCCI president has been a fund-raiser in campaigns of Governor Brennan. His first challenge will be to get the organization's finances on a stable basis.

New Signs

All of the new signs planned in East Millinocket and Millinocket are in place, some touched up a bit to erase signs of winter wear and tear. The 33 signs conform to Great Northern Nekoosa Corporation policy. Jon Ayotte of Central Engineering designed the signs and coordinated the project. Also in place are 12 directional signs erected by the State Department of Transportation, but paid for by the company to guide truckers and visitors.

Our next goal: Providing the Woodland's department and Pinkham Lumber with designs for signs. Over time this would allow all signs to be replaced with those conforming to the GNN policy.

Water, Water...

It started raining at 5 a.m. Tuesday, May 29. By 3 p.m. Saturday, June 2, 6.24 inches of rain had fallen in Millinocket. We alerted white water rafting companies to the high flows on the West Branch. We also answered questions from reporters.

Other Matters

I coordinated with Ken Hodsdon a request from the State Bureau of Forestry for a photographer from the National Geographic Magazine to photograph Pinkham Lumber's facilities...I attended a meeting of the State Compensation Commission in Augusta...Plans were completed for the annual luncheon for winners of GNN scholarships...Congratulations to the former Diana Moscone of the Public Affairs office staff who became the bride of Jim Busque June 1...Radio and newspaper advertisements were prepared on public tours of the Millinocket mill to be offered weekdays during the summer months...When 117 economists endorsed a letter to members of Congress warning billions may be wasted in trying to reduce acid rain, the development made headlines May 15 but so far members of the Maine Congressional Delegation have not seen the letter. We wrote Professor A. Myrick Freeman of Bowdoin College asking for a copy.

Sincerely,



pmc/p

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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

June 18, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending June 15:

Politics: The Lineup is Complete

The lineup is complete for the general elections November 6.

In primaries June 12, State Representative Barry Hobbins of Saco won the Democratic nomination to challenge incumbent U.S. Representative Republican John McKernan in the First Congressional District. Hobbins, an attorney, is a former chairman of the Democratic State Committee.

On top of the November ticket will be the race between Republican U.S. Senator Bill Cohen and State Representative Elizabeth Mitchell of Vassalboro.

And in the Second Congressional District Republican Representative Olympia J. Snowe will be opposed by Chipman C. Bull, an Aroostook County native making his first run for political office after years as a U.S. Department of Agriculture official.

Cohen and Snowe will be strong favorites although Mrs. Mitchell and Bull are credible candidates. Mrs. Mitchell could emerge as the only candidate for major office who will declare herself against Great Northern's Big A project.

McKernan will have a fight on his hands. The First District is delicately balanced between the two political parties. Portland, with its predominantly Democratic Irish and Franco-American communities, also shares with the suburbs a large environmental white-collar vote. Biddeford and Saco, heavily Franco-American factory towns, and Waterville, a textile community, are other Democratic strongholds. Republicans depend on coastal communities, south and east of the Democratic industrial core. McKernan won in 1982 with 50 percent of the vote.

U.S. Senator George Mitchell won a six year-term in 1982 and Governor Joseph Brennan a four-year term.

The primaries included several races of interest. In the Portland Senate district, which includes the executive offices of Great Northern Paper, Representative Tom Andrews won the Democratic nomination to succeed retiring Senate President Gerard Conley. Andrews was the sponsor of the 1982 corporate income tax increase. Andrews has been a leader in legislative campaigns to place more stringent restrictions on chemicals used in the workplace.

Scholarship Luncheon

Winners of the 1984 Great Northern Nekoosa scholarships were honored at a Guest House luncheon. Principals and school superintendents were guests at the event at which Tammy Dube of Howland, Sara-Sue Stewart of Millinocket and David E. Lombard of East Millinocket were presented plaques. A fourth recipient, Matthew Roop, graduated from Ansonia High School in Connecticut after his father was transferred from Stamford to Portland.

MCCI and Two Issues

With Thaxter Trafton, the first president of the organization presiding, the Business Policy Council of the Maine Chamber of Commerce and Industry met June 12 in Augusta. Thirty people attended the first meeting of the council which will set legislative policy for MCCI. Many were critical of the report on the Status of Education in Maine for "throwing money at a problem." It was decided to wait until August to take a stand on the proposals relating to education which the Legislature will consider in September. On another issue, the majority of the council was of the opinion the legislative mandate of the Study Commission on Workers' Compensation prevented the group from getting at the real problem: the cost of benefits. The commission is expected to recommend June 20 a system of open competitive rates tied to a competitive state insurance fund.

PIIO's Budget

A budget of \$233,102 for 1985 was proposed at a June 8 meeting of directors of the Paper Industry Information Office. The 1984 budget was \$224,112. Two task forces were established to study: (1) ways to improve anticipating and monitoring issues before they reach the Legislature, and (2) ways to improve the monitoring of issues and bills before the Legislature.

Search for a President

Dr. Stanley Evans, chairman of the board of trustees of the University of Maine, and Chancellor Patrick McCarthy invited a half dozen people to a June 5 luncheon to discuss the task they face of selecting a president for the Orono campus. All agreed Acting President Arthur Johnson, who isn't a candidate for the full time job, is doing a

grand job of quieting troubled waters and redefining the mission of the campus. It was suggested that instead of looking at candidates' academic credentials, the search committee should focus also on the candidate's ability in the fields of public relations and lobbying. Several said businessmen might be the best answer. The search is expected to take at least a year and a half.

Washington: Summer of 1984

Until he heard the vice chairman review the list of issues being tracked by the American Paper Institute - National Forest Products Association Government Affairs Committee, Chairman Al Duval of Hammermill joked that he had believed these were dull days in Washington.

The list was topped by tax matters, the subject of talks at the June 6 meeting by Robert G. Woodward, legislative counsel for the Treasury, House Budget Committee Chairman Jim Jones and Senate Budget Committee Chairman Pete Domenici.

Other Matters on the API - NFPA list were:

Timber Sales

Air Act Amendments

Wilderness Areas

Water Act Amendments

Hydropower Licensing

Superfund

Future of DISCs

RCRA Amendments

Both Jones and Domenici said that they hoped the Congress could pass a bill before a June 29 recess. The chairman emphasized the importance of passing the package as a "down payment" on the deficit. Both saw the 1984 legislation as just a beginning. "Next year will be the last chance we will get to deal with the federal deficits before we have a disaster," Jones said. The two saw substantial spending costs as well as steps being taken to raise new revenues. Some of the new revenue could result from tax restructuring but Woodward said tax restructuring would take more than one year. He said that assuming the President is re-elected, the revamping of the system could be a four year undertaking.

With recess scheduled by Congress for the political conventions and adjournment planned to allow time for campaigning, it doesn't appear there will be action on most of the other issues this year. The superfund legislation may be an exception, the committee was told.

Approximately 90 persons attended the meeting, including directors of API who were in Washington for a meeting.

Other Matters

Roger Boynton took the photographs and prepared an advertisement containing a page of photographs of the Retirees' Banquet for the

Katahdin Times...Tom Keenan, a Massachusetts based reporter for NBC, called June 6 to say he was preparing a report for the Nightly News on the Big A project...Stan Arata of the Paper Trade Journal called June 12 with questions regarding the Big A project...The Great Northern Nekoosa Foundation has approved a grant of \$5,000 for the Edmund S. Muskie Archives at Bates College, a \$3,500 grant to the 150 Years of Bangor Corporation, \$3,000 for the Ashland Lighting Committee, \$15,000 for Bangor Theological Seminary, and \$9,000 for the Downtown Revitalization Project in Millinocket.

Sincerely,

Paul

pmc/p

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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

June 25, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending June 22:

Workers' Compensation

There was more talk this week about Maine's program of workers' compensation insurance. There will be a lot more talk about the subject in the next several weeks. So far there is no detectable political momentum aimed at the heart of the problems associated with workers' compensation by spokesmen for the business community: the most generous benefits in the country.

Here is a summary of what has happened and what is about to take place:

Proposals of a Special Workers' Compensation Commission for open, competitive rate making and a competitive state fund ran into opposition from labor and industry at a June 20 hearing.

A special paper industry task force on workers' compensation meets June 26 in Portland.

A meeting of the Speaker's Select Committee on Workers' Compensation was postponed until July 16 because cost information on a new rehabilitation program still isn't available.

The Special Workers' Compensation Study Commission was created by the Legislature and given \$100,000 to spend on studying only the most cost-effective way the insurance can be provided employees by employers who pay the entire cost. At the Augusta hearing, most businessmen complained that benefit levels are the real problem and creation of a new bureaucracy in a state fund won't solve the problem. "There can be no meaningful reforms until the benefit structure is straightened out," said Thatcher Turner, the new president of the Maine Chamber of Commerce and Industry.

House Speaker John Martin disagreed. He praised the Commission's findings and said he hoped MCCI and the Coalition for Workers' Compensation Reform would rethink their positions. Aides of the Speaker were critical of the business community. "They've still got their heads in the sand," said Ken Allen, the Speaker's executive assistant.

Speaking only for himself, Portland Attorney Donald W. Perkins said he would favor open, competitive rate making if the Insurance Commissioner retained the right to hold public hearings to examine the justification for increases. A state fund isn't needed, he suggested, if open rate making doesn't become a hardship for companies and individuals with few employees. With rate increases in Maine having been blocked in recent years, MCCI strategists feared a sudden rise in rates were deregulated. Perkins has been the attorney for the coalition which has successfully changed insurance industry proposals to increase rates. He is also a member of the Speaker's Select Committee. His views came in a telephone conversation.

Chairman John Menario said the Commission's final report would be made by the end of June. Allen said the report will likely go to the Legislature in January. But it's still possible the Speaker's Committee will propose a new program of rehabilitation for the September session of the Legislature. But unless cost projections are completed soon, Allen conceded, the chances are fading this proposal also will be put off until January.

Political observers, both Democrats and Republicans, expect the Democrats to retain solid majorities in both houses of the Legislature as a result of elections in November. The Democrats, with their strong ties to the AFL-CIO, can't be expected to put changes in the benefit structure at the top of their list of workers' compensation reform. Reducing benefits alone will not reduce the high costs of Maine's program, they argue. That's why the insurance companies were the first target. Attorneys for the AFL-CIO hint a study of safety in the work place may come next.

The 1985 picture could be complicated by other factors.

There is talk that Governor Brennan, after six years of watching the controversy develop, may step in with proposals. A group of aides are looking for proposals.

Speaker Martin feels a meaningful rehabilitation effort can solve many of the evils of the program.

But corporations such as Chesebrough-Pond, Georgia-Pacific and Boise-Cascade are becoming increasingly frustrated. In 1983, Martin and Chesebrough-Pond Chairman Ralph Ward angrily debated the progress of reforms. Now Chesebrough-Pond, which ignored the Maine Legislature until the costs of the insurance skyrocketed, is now reportedly ready to take on Martin again if he pushes for an expanded rehabilitation program. And Tom Mitchell, Georgia-Pacific's vice president for government relations, says flatly, "The Maine costs are intolerable...and we are going to do something about it." Georgia-Pacific has reduced its involvement in legislative activities but apparently is willing to get deeply involved again on this issue.

The 1985 session of the Legislature may be dominated by the workers' compensation issue. Until labor and industry find common ground, the outlook for cutting costs isn't bright.

West Branch Safety Advertising

The attached advertisement is the kickoff in a 1984 road safety program, necessitated by the increase in weekday traffic conflicting with logging trucks. The advertisement was developed by the New England Group, a Portland advertising agency. Roger Boynton took the photograph. In addition to the newspaper advertisement, the program will include new signs, a brochure to be handed out to visitors and radio announcements.

The advertisement will appear in newspapers published in Bangor, Millinocket, Greenville, Lincoln, Houlton, Dover-Foxcroft, Caribou, Presque Isle and Madawaska during the summer and early fall.

A poll of employees living in the Greenville area was conducted to consider ways of promoting road safety in that area because of access to the company's logging roads north of Moosehead Lake. Nearly all read the Bangor Daily News. They listen to a variety of radio stations.

NBC Comes to Town

Fred Briggs is an NBC reporter who has been a frequent contributor to the Nightly News. With producer Tom Keenan of the Boston bureau of NBC and a photographer and sound engineer, he came to Millinocket June 21 to do a study on the controversy surrounding the Big A project. I responded to his questions after they filmed number eleven paper machine. Later they talked with a Fin & Feather Club director. The next day they planned to talk with rafting enthusiasts. Briggs said it will be June 26 "before I start writing" and not to expect anything on the national news until that time.

The Trend at Central Maine

The first time I met John Rowe, the new president of Central Maine Power Company, he had three questions regarding the Big A project:

Where does Speaker Martin stand?

Where does Senate President Gerry Conley stand?

What's Governor Brennan's position?

It was announced June 22 that David Flanagan, a former counsel to the Governor, had been elected vice president for law and government affairs of the company -- the third former state agency employee recently hired by the utility. Connie Irland, the wife of state economist Lloyd Irland (who spoke at the June 18 session of the sales department in Woodstock, Vermont), left her post as deputy director of the Office of Energy Resources to join Central Maine Power. A Public Utilities attorney was hired by the company.

If rumors of a "six figure" salary for the new vice president circulating in Augusta appear in print, a controversy over the Flanagan appointment is inevitable. The salaries of Central Maine Power executives have been criticized as too high by critics of the company. The company must disclose the salaries of top executives. Flanagan will leave the Portland firm of Pierce-Atwood in August.

Other Matters

With help from Bob Wright and Tony Filauro, I responded to questions from Dave Platt of the Bangor Daily News regarding two herbicide spraying programs on company lands, one being conducted by the University of Maine. A story appeared in the newspaper...Wright, Leon Blood, Tony Binotto and Paul Firlotte joined in hosting a June 20 tour by 15 people participating in a workshop of the Maine Council on Economic Education at Orono...On June 18, Wilmer Saucier and Paul Duval guided a tour of members of the Fort Kent Town Council and Madawaska newspaper publisher Barry Stokes. Jim Giffune was host for the group at a Guest House luncheon. Dale Phenicie briefed the visitors on the Class I air quality zoning issue. They opposed such zoning.

Sincerely,

Paul

pmc/p
Enclosure

Distribution:

E. E. Allain	W. M. Dillaway	R. R. Johnson	P. P. Paul
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J. A. Blickle	T. H. Flanagan	D. J. Krohn	C. H. Reed
P. Cannella	T. A. Galas	W. R. Laidig	D. R. Roop
J. B. Carson	J. M. Giffune	G. M. Lander	W. A. Saucier
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Sharing the forest. Safely.

Most of the working forest owned and managed by Great Northern Paper has traditionally been open to the public. Thousands every year have visited these timberlands to camp, canoe, hike, fish, hunt and enjoy other out-of-door pursuits.

This summer, we would like to add a word of caution. Public use of our forests and roadways has increased dramatically, especially on the Golden Road between Millinocket and Caribou Lake. If you

plan to travel that route, please be careful. Remember that on the Golden Road, as on all roads owned and maintained by Great Northern, pulp trucks have the right of way.

Great Northern's forest is an extraordinary natural resource. It supplies renewable raw materials for paper,

lumber and fuel. It is a workplace for hundreds of people, and a habitat for fish and wildlife in abundance. When you visit our forest, we ask that you use it wisely. Then we can all truly enjoy the great outdoors.

For your safety:

Always yield the right of way to logging vehicles on all Great Northern roadways, including the Golden Road.



Great Northern Paper

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Great Northern Nekoosa Corporation



Great Northern Paper

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Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

July 9, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending July 6:

Cancer and Paper Mills?

A \$2,000 grant from the Maine Lung Association will make possible a study this summer of the question: "Does exposure to paper industry contaminants, by virtue of place of residence, lead to increased risk of respiratory disease morbidity? Specifically, is there an increased risk of hospitalization for respiratory cancer or respiratory disease among populations proximal to a pulp and paper mill?"

Dr. Ronald Deprez, director of Research and Evaluation of Medical Care Development, Inc., Augusta, will direct the study. Also involved are staffs of Massachusetts General Hospital, Harvard University, the Maine Labor Group on Health and the United Paperworkers International Union.

A retrospective morbidity study will compare hospital use data for admissions for cancerous and noncancerous respiratory diagnoses for selected pulp and paper mill towns from 1980 to 1982 with other communities. In all, 60 geographic areas will be selected for analysis.

While conceding most previous studies show no significant effect of the pulp and paper industry on respiratory or pulmonary functions, the new study is justified in this manner.

"The paper industry is a significant contributor of environmental pollution in a mill town. Better than 35 percent of Maine's population resides within this "odor" radius. The mill towns of Millinocket, Woodland and Madawaska have, at least on one occasion, violated Maine's ambient air quality standards for sulfur dioxide from 1978 to 1982. Although the total number of sulfur dioxide violations has gradually decreased, these three towns accounted for 100% of the state's sulfur dioxide violations with 223 for the five-year period. The mill towns of

Jay, Lincoln, Madawaska, Westbrook, Madison, Skowhegan, East Millinocket, Old Town, Woodland and South Paris (Rumford) exceeded the state levels for total suspended particulates (TSP) from 1978 to 1982 for a total of 263 violations or 66 percent of all TSP violations. There are no air quality standards for hydrogen sulfide, chlorine, or sulfates although adverse health effects are associated with each, and each is a pollutant of the paper industry."

"The paper industry employs 4.3 percent of Maine's work force. These workers are exposed to numerous hazardous compounds. Recognized carcinogens used in the pulping, bleaching, papermaking, and coloring processes include carbon tetrachloride, benzene, hydrazine, thiourea dioxane, asbestos, dimethyl sulfate, formaldehyde, and certain dyes and pigments. The industry additionally exposes its workers to paper, wood, and metallic dusts; lime; caustic soda; soda ash; alum; mercaptans; sulfur and chlorine compounds; and ammonia gases. All of these compounds are known to create respiratory problems."

If an association between proximity of residence to a paper industry and increased respiratory disease is established, the study proposal said "steps to reduce the paper industry emission and air quality standards may be warranted."

The study is being followed by the Paper Industry Information Office which also reports that Medical Care Development, Inc., is preparing to seek funds for a broad study of health hazards in the paper industry.

Big A on NBC

Fred Briggs' report on the controversy over the Big A project was broadcast July 3 on the NBC Nightly News. It lasted two minutes and 20 seconds. Within Great Northern Paper ranks, the consensus seemed to be that the NBC report was about as good as could have been expected, comparing the conflicting views of the company and Millinocket people with those of environmentalists, fishermen and white water rafting outfitters. A Bangor newspaper reporter says it was difficult for the company to compete for attention against filmed scenes of the natural beauty of the river.

Other related activities:

Phil Kulkelski of the Providence Journal called June 28 to ask for information for a story.

In a July 1 Maine Sunday Telegram Story on the "Imperial Speakership" of Speaker Martin, the Eagle Lake man was pictured as a Big A supporter.

In the July 8 Sunday Telegram, Bob Cummings reported a "decision on the West Branch dam could take years" in a front page story.

Big Push for Education

State Planning Office Director Dick Barringer and members of the Commission on the Status of Education are preparing to drum up public support for the recommendations of the commission. They'll do it in a

series of meetings all over the state, including a July 17 meeting in Millinocket.

A June public opinion poll showed Maine people evenly divided on the issue of raising an additional \$60 million annually for education until they heard some of the Commission's arguments. After that, 60 percent favored the new spending. If new taxes are needed, 79 percent favored additional taxes on cigarettes and liquor, while about half of those with views favored the income tax on business or a one percent increase in the sales tax.

Second Quarter Contributions

Contributions in the second quarter of 1984 included the following:

<u>From GNN Foundation</u>		<u>From GNP</u>	
Muskie Archives -		Casco Bay Hockey -	
Bates College	\$ 5,000	Cape Elizabeth	\$500
Bangor Sesquicentennial	\$ 3,500	Susan Curtis Foundation	\$100
Ashland Softball Field		Hospital Development	
Lighting Project	\$ 3,000	Foundation - Bangor	\$500
Bangor Theological		Katahdin Scout	
Seminary	\$15,000	Council Dinner	\$200
Millinocket Downtown		Mattawamkeag Park	\$500
Revitalization Project	\$ 9,000	Eyes for Blind, Inc.	\$275
(\$4,500 now, \$4,500		Maine Forest & Logging	
challenge grant)		Museum - Bradley	\$500
Total for 1984	\$74,100	Sweetser Home - Saco	\$200
(Including first quarter)		Bangor Golf	\$100
		Tournament	
		Total for 1984	\$8,115
		(Including first quarter)	

Because the recipients were not certified as a tax exempt organization under U.S. state laws, other gifts from the community relations account included Patten Lumberman's Museum, \$400; Eastern Maine Development Corporation Workshop, \$500; Portland Chamber of Commerce Telecommunications Study, \$500; Ashland Lumberjack Roundup, \$400; Unicorn 4-H Club, Millinocket, \$25; Millinocket 4th of July Parade, \$250; Eagle Lake Boosters Club, \$50; Southern Aroostook High School's chemical free graduation party, \$150; Dollars for Scholars, Southern Aroostook, \$50; Miss Ashland Pagent, \$50; Millinocket Music Boosters, \$30; Presque Isle Kiwanis Talent Review, \$50.

PIIO Task Force

Motivated by suggestions from Georgia-Pacific and Boise-Cascade that fresh ideas from people with a broader appreciation of workers'

compensation issues, the Paper Industry Information Office has established a task force on the subject. The first meeting of the group was attended by 19 persons. Lee Crawford of International Paper was named chairman. Mike Walsh of Fraser Paper was added to the committee to represent the PIIIO Industrial Relations Committee. Most of the day was spent bringing the new people involved up-to-date on the issues. The group agreed its first task should be to comment on the draft of the rehabilitation program being considered by the Speaker's Select Committee on Workers' Compensation. After that, the task force will consider ideas which PIIIO and other associations might promote in the January special session of the Legislature.

West Branch Safety Campaign

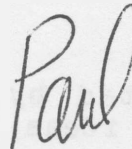
Tapes for radio stations are being distributed to promote safety on logging roads in the West Branch region. Daily announcements are scheduled during the summer on WMKR and WKTR-FM in Millinocket and on WDME-AM/FM in Dover-Foxcroft. The announcements also will be heard on WLKN and WLKN-TV in Lincoln, WTOS-FM in Skowhegan and WBGW-FM in Bangor. The safety campaign also includes newspaper advertising, brochures to be handed out at checkpoints and new signs. The objective is to make the public aware of conditions which may require limiting use of the roads in the future.

In the proof of the advertisement attached to the last newsletter, the word "then" was incorrectly spelled "than". The New England Group, the agency responsible, caught the error but not before it got into the Bangor and Millinocket newspapers. It was a production error; the copy we approved was correct.

Other Matters

With guidance from R. F. Bartlett, an article was drafted for Maine Business Indicators, a publication sponsored by the Maine National Bank. It is distributed state-wide by the Maine National Bank to businessmen, government officials, educators and others...I visited Jackson Laboratories June 25 as a charter member of a group of 25 businessmen organized by Galen Cole to spread word of the facility in the state of Maine...Alan Loboizzo of the Bangor Daily News called July 4 to ask information on people who were working on the holiday...A news release was distributed on GNN earnings, including a sentence to reflect this company's contribution...At the request of David Platt, Dale Phenicie commented on acid rain legislation suggested by the Natural Resources Council of Maine...Platt has also requested details on the company's 1984 herbicides program. We'll provide the information after town officials have been made aware of company plans...Advertisements promoting tours of the Millinocket mill have been placed on WMKR and WKTR-FM and in newspapers in Millinocket, Lincoln, Houlton, Greenville and Dover-Foxcroft.

Sincerely,



pmc/p



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

July 16, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

As is our custom annually in midsummer, issues of the year are reviewed and those expected to develop in the future are discussed in the newsletter of the Public Affairs department for the week ending July 13:

The Issues of 1984

The Big A project...education...workers' compensation...forest management...

These and other subjects are on the list of issues involving Great Northern Paper in 1984. The list isn't as long as similar lists compiled in recent years, but the top four, and others, have broad implications:

Big A Project -- The hydropower project on the West Branch of the Penobscot River has been identified as perhaps the state's No. 1 environmental issue of the decade. So far, opponents have been unsuccessful in all attempts to create new barriers in the regulatory process. The year ahead will see another attempt in the Legislature to put the state on record against the project. Federal and state hearings will start.

A workshop on regulations which will govern how the state's new hydropower law is administered may provide a preliminary showdown August 15 on the project. The Natural Resources Council of Maine has promoted regulations obviously aimed at the Big A. Despite a call from a spokesman for the Brennan administration for a balance between preservation and development, attorneys for Great Northern Paper say the draft of regulations do not reflect this intent. The disagreement is over how a section covering economic benefits is interpreted.

Education -- At first, the business community braced itself for a special session on reforms of the public education system in June -- and worried about talk of \$60 million a year in new taxes. The session was

put off, probably until September. Now there are rumors in Augusta that the Governor prefers to wait until after the elections, that the education package will go to the Legislature in January. There was no confirmation of the rumor, but it was discussed as a probability at a meeting of directors of the Maine Chamber of Commerce and Industry.

In the week ahead, State Planning Director Dick Barringer and members of the Commission on the Status of Education will barnstorm the state to promote support for their report. This week a report warned of a shortage of teachers because of low salaries. And Portland Press Herald columnist Bill Caldwell jumped on the bandwagon, impressed by the necessity of better educating Maine's young people so they could qualify for the state's highest paying jobs which are filled mostly by more talented out-of-staters.

Workers' Compensation -- The Governor has a cabinet-level group looking for ideas. House Speaker Martin's Select Committee meets July 16 to further consider a new rehabilitation program. Some say this means higher costs for employers. A Paper Industry Information Office task force has been organized with corporate specialists participating in its work. MCCI is reconsidering its opposition to deregulation of the insurance rates as proposed by the State Commission on Workers' Compensation.

Despite all this activity, no one expects to see the Legislature in 1985 get at the heart of the problem -- the very liberal benefits provided under Maine law. But the Legislature in 1985 will again face a critical debate on this issue. Given the anticipated big majorities expected for Democrats, the Legislature can be expected to look elsewhere than at benefits for ways to reduce costs.

Forest Management -- After a reporter wrote in the Maine Sunday Telegram that he saw the Big A project as the biggest environmental story of the decade, a reader complained he was writing off "68 hazardous waste dumps in Maine, the dumping of nuclear waste off Portland, the massive clear-cutting of the Maine forest resources, the use of herbicides on these clear-cuts and acid rain." The fact that three of the five subjects identified by the writer relate to the forest reflect the view of many.

Forest management will be a major issue in 1985. It is under increasing scrutiny from the public and elected officials and from a suspicious news media.

A study ordered by the Legislature will start in early fall and may be the forum where the many issues relating to forest management will be debated. A report on the state of the forest resource soon to be released by the Bureau of Forestry will be damaging to the reputation of private landowners. The outcome may well be a state forest practices act.

Besides these four issues, there are others. One of major concern to Great Northern Paper is a study of taxes in the unorganized territory by a special committee. The Legislature has asked the staff of the Department of Environmental Protection for changes in the state system of water classification and regulations. Negotiations continue between the state and private landowners on exchanges relating to the "public lots."

Soft Spots in the Economy

In newspapers and on radio and television, Maine has been getting a steady flow of bad economic news for three key segments of industry.

In Greenville, state and local officials are seeking ways to solve problems created by the closing of a sawmill employing 125 persons.

In Augusta, state economist Lloyd Irland says there are 3,000 fewer people employed in the shoe making industry as companies fight to survive in the face of increasing imports.

In Bath, officials of Bath Iron Works, after months of trying, finally got unions to consider reopening labor contracts. Competition from a Mississippi shipyard is Bath's problem. Employment at BIW is down over 1,000.

Good News in Augusta

After rumors that Ginger Davis, an attorney for the Natural Resources Council of Maine, would become the director of the air bureau of the DEP had excited industry, Commissioner Hank Warren made his choice from within the department. His choice: John E. Bastey, enforcement chief of the land bureau.

And More Rumors

Two vacancies on the Land Use Regulation Commission will soon be filled by Governor Brennan. One is the so-called "industry" seat and Brian Currier of Pejepscot Paper is the nominee of the forest products industry. The other seat is likely to go to a person from Aroostook, Piscataquis or Washington counties and it appears contractor Gil Cyr of Portage Lake and former State Senator James Martin, who now lives in the Sangerville area, are the leading candidates.

The Associations

House Speaker Martin and BIW President Bill Haggett will be the co-chairmen of a Maine Development Foundation group which will arrange a one day workshop on the economy for Legislators...MCCI is considering selling its money-losing magazine, Maine Today. At a meeting of directors, new MCCI President Thatcher Turner suggested hiring a second attorney to deal with lobbying and regulatory matters...Directors of PIIIO approve a \$224,112 budget for 1985 up less than one percent, in a July 13 conference call. A PIIIO task force on workers' compensation has prepared comments on the rehabilitation program being considered by the Speaker's Select Committee.

Other Matters

I visited radio stations WLKN in Lincoln and WDME in Dover-Foxcroft, dropping off tapes and getting acquainted...A mailing to all biweekly salaried employees promoting the company program of

matching contributions to Maine political candidates was prepared...When Merrill Bank opened its new building, seedlings from the Great Northern greenhouse were distributed. During the July 4th parade celebrating Bangor's 150th birthday, Merrill again gave away seedlings with credit to Great Northern Paper and a card of planting instructions, explaining also the importance of the forest industry to Maine.

Sincerely,

Paul

pmc/p

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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

July 30, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending July 27:

State of the States

Delay in finding a site for disposal of hazardous waste and failure to modernize and expand the region's electrical generating system are the chief long-range problems facing New England in the opinion of New Hampshire Governor John H. Sununu.

Nationally the issue emerging as No. 1 at the state level for this industry is that of the health effects of toxic chemicals in the work place and in mill towns, Bob McKernan of the American Paper Institute reported.

Several speakers identified a hidden issue in the 1984 campaign as this question: Will the shift of responsibilities from Washington to state capitals continue?

These views were expressed at meetings in Boston, July 23-24, of the Public Affairs Council and the State Government Relations Committee of the American Paper Institute. Those sessions were held in conjunction with the annual meeting of the National Conference of State Legislatures.

Sununu, the engineer turned Republican politician, warned there will be an energy crisis in New England in the 1990's. The Governor said, "We have an industry which has been whiplashed" into underestimating the growth rate and is still carrying antique oil fired facilities with big generators in the regional pool's inventory of capacity. Instead of modernizing, Sununu said New England is looking at an unreliable source, Canada, to supply its power needs.

The Governor also said:

The best thing New Hampshire, the fastest growing state outside of the Sunbelt, can offer industry is a "long-term climate - such a policy

makes business feel comfortable." Sununu stressed that the state's first obligation is to those businesses already located in New Hampshire.

There has been an increasing timidity in the private sector. Business must openly support controversial, but conservative policies.

Acid rain is a reality and he is convinced that it is having the largest impact on New England's largest and most important crop -- timber.

Eric Swider, President of the New England Council, said one of his organization's goals was to see that Congress didn't adopt acid rain controls which would discriminate against this region. As he painted a picture of a booming economy, Swider said "our only resources are rocks" not once, but several times. The Council also is pushing a tax credit for research and opposing a tax on imported oil.

At the meeting of the API committee, the program included a summary of major issues facing the industry at the state level.

New Jersey may lead the way in the field of the health effects of toxic chemicals used in industry by passing a tax on users to finance benefits and relaxing laws to make it easier for victims to collect. In 1984, this subject was dealt with in 15 state capitals and API expects it to be an even broader issue in 1985. Hopes that states would adopt the federal standards have faded because most perceive the federal standards are not effective in 1986, McKernan said.

Lack of federal action to control acid rain has resulted in states taking the lead. New York has put a cap on sulfur emissions and established a timetable for a 30 percent reduction. Massachusetts and Washington are considering such laws. Wisconsin is regulating utilities for that purpose.

The trend in taxes has been improved in 1984. McKernan said an analysis indicated this was the result of the economic recovery generating more revenues, and the fact the states had trimmed fat out of their budgets. But five states had deficits in 1984 and 25 had surpluses of less than three percent. An economic downturn could lead to new taxes next year, he said.

Other issues discussed were flow control (attempts by states to lock up sources of raw materials for recyclers), paper procurement (attempts to mandate recycled paper), cogeneration (API is drafting a model state law) and the quality of drinking water.

Negotiations and the Media

Developments in labor negotiations from the first vote of United Paper Workers International Union (UPIU) members to the vote by maintenance workers were followed closely by reporters in Bangor and Millinocket and the wire services in Bangor. Union leaders talked freely with the press, defining the issues as they saw them. We stuck to the information on voting and declined to discuss issues of the negotiations. From July 16 to July 29, we had 54 inquiries, mostly by telephone although the Bangor television stations were sending crews to Millinocket daily.

More Rumors

John Menario, former Portland city manager now in the consulting business, is thinking of running for the office of governor as an independent candidate. In 1986, Maine could see a three way race again.

Special Session: On Again

The Augusta rumor mill has been busy. Quotes from one of Governor Brennan's top aides, David Redman, seem to fuel rumors that the administration was backing off from plans for a special session of the Legislature in September. In response, the Governor told reporters he is planning to call Legislators back the week after Labor Day. Education will be the chief topic. Brennan said he isn't sure how much of the \$55 million-a-year package of the Commission on the Status of Education he will recommend be adopted.

Meanwhile the Commission is continuing to hold hearings on its proposals. At one in Rumford, the comments of Thatcher Turner, new president of the Maine Chamber of Commerce and Industry, angered Vice Chairman Elizabeth Mitchell, the U.S. Senate candidate. Turner reportedly questioned where the money is coming from if the Commission's proposals are adopted.

The Great Northern Bulletin

The first mailing of the Great Northern Bulletin went to 1,361 opinion makers, biweekly and weekly salaried employees. The objective of the direct mailing piece is to have an avenue to communicate directly with these groups on issues such as the Big A hydropower project. Several issues a year are planned. The New England Group, a Portland advertising agency, designed the publication and edited the text.

Matching Gifts

Biweekly salaried employees were mailed a letter from R. F. Bartlett encouraging participation in the company's program of matching gifts for Maine political candidates. A brochure was provided with details of the program. In 1982, 42 matching gifts were made to 17 candidates totaling \$1,445. In 1984, 15 gifts totaling \$375 have so far been matched.

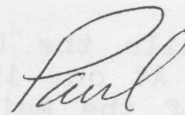
Progress on Workers' Compensation

Several proposals of the new Workers' Compensation Task Force of the Paper Industry Information Office were adopted July 16 by the Speaker's Select Committee on Workers' Compensation. A redraft of a new workers' compensation rehabilitation system will be discussed at an August meeting of the Speaker's committee. At the July meeting, the first cost estimate of the new rehabilitation system was disclosed -- \$5 to \$15 million annually with savings of \$7.5 to \$14 million. But Chairman Roger Mallar admitted data is lacking to make any firm estimates.

Other Matters

New signs welcoming visitors and urging safety on logging roads have been erected at three access points to the West Branch road system...The invitation to visitors to write for information on the Big A project and other subjects contained in the "Working Forest" brochure generated nine requests in July...A \$36,000 pledge has been made by the Great Northern Nekoosa Foundation to the capital growth campaign of the Maine Medical Center in Portland...Roger Boynton has spent four days at Pinkham Lumber taking photographs for a sales brochure and a 35 mm slide presentation...Information was provided Theresa Engstrom of the Boston Bureau of the Wall Street Journal. She had visited the Ashland area with Lester Decoster of the American Forest Institute and representatives of Seven Islands Land Company. She was developing a story on timber management of large blocks of lands.

Sincerely,



pmc/p
Enclosure

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Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

August 6, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending August 3:

Telecommunications and Politics

The Greater Portland Chamber of Commerce is asking for financial support for a study on the impact of the telecommunications infrastructure on the economic development opportunities in Maine.

Unionmutual has been complaining about the inadequacies of this state's system. So has L. L. Bean. Those two firms, cornerstones in the service-oriented economy of southern Maine, have hinted they may be forced into expanding elsewhere.

Governor Brennan has established a special task force on telecommunication policies with State Planning Office Director Richard Barringer as chairman and asked for a report by January 1.

In a study proposal, the researchers selected to perform the Portland Chamber study said:

"It is the observation of the Yankee Group that the telecommunications system in the state of Maine is, on a comparative basis, one of the most deficient systems in the United States. This deficiency could ultimately have substantial negative impact upon existing and future business development in Maine."

If one study or the other comes close to echoing this statement, the political ramifications may be interesting.

New England Telephone has been saying the same thing for years, but has been striking out in trying to get the rate increases it says can provide the dollars needed to upgrade the system.

Some will remember Governor Brennan joking at the expense of NET Vice President Dick Jalkut at a Maine Development Foundation annual

meeting. The Governor paid tribute to Jalkut as a business leader but joked he was going to keep on nominating members of the Public Utilities Commission who would keep on saying "no" to NET's request for big rate increases.

A special legislative committee is now investigating the role of utilities in politics.

Peter A. Bradford, the chairman of the Public Utilities Commission, is a former "Nader Raider" who many believe wants to run for governor.

How will voters react if the regulators, Legislature or administration are linked to policies which will cost Maine jobs?

Some of the questions within the scope of the Portland Chamber study:

1. What specific economic development opportunities do advance telecommunication services present to Maine in expansion of existing businesses and attraction of new businesses? How may state development activities be directed to realize these opportunities?
2. Are Maine businesses constrained by existing or anticipated levels of telecommunication services?
3. Does private market demand provide sufficient stimulus for the modernization of Maine's telecommunication network? Is it in the public interest for state government to establish incentives for investment in advanced telecommunication facilities?
4. How do current rate regulation and corporate capital investment policies affect modernization of Maine's telecommunication services?

The Chamber study is expected to be completed in early fall.

Great Northern Paper is a financial supporter.

Dick Hale, Great Northern Paper's chief electrical engineer, follows the trends in the telecommunications field. In testimony before the Public Utilities Commission in November of 1982, Hale described the company's needs such as high speed data circuits between Millinocket and "the outside world", lines to link the woodlands department graphics system with district forestry offices, reliable circuits for scheduling of paper sales, lines for the computers guiding the hydropower system and other functions.

Hale concluded:

"In short, our whole operation depends on reliable, high quality telecommunications. A healthy supplier is important to us. He must be able to do his job or we cannot do our job."

Special Session

Governor Brennan has announced a special session of the Legislature will start Tuesday, September 4. The agenda still hasn't been announced but reforms in public education will be the No. 1 subject. After first asking his cabinet to recommend budget cuts, the Governor started conceding to the press it was likely a tax increase will be necessary if the administration adopts the recommendations of the Commission on the Status of Education.

In Augusta August 1, Jim Good of Pierce-Atwood and I met with retired State Legislative Finance Officer Ron Lord to plan a quick study to consider alternatives to tax increases. With the trade associations still not equipped to initiate the study, we decided to take the lead. If proposals result, we'll share them with others in hopes of the Maine Chamber of Commerce and Industry or a coalition taking the leadership.

The Mail Bag

The new brochure welcoming visitors to Great Northern Paper's "Working Forest" includes an offer of additional information on four subjects -- the Big A hydropower project, the spruce budworm, how to grow trees and on the company as a whole. Since the July 4th weekend, we've had 17 requests based on the brochure. One was from a legislator. Another letter complained of spraying into Moosehead Lake -- but didn't say where. And one writer wanted information on the history of maple syrup camps. Two sought information on paper industry careers. The letters were divided, nine from Maine people (two from the Millinocket area) and eight from out-of-state residents.

Negotiations and the Media

When the locals representing the maintenance workers or those in the "trades" approved a new labor contract July 31, reporters had lots of questions. They wanted to go over the new contract, item by item. They wanted to discuss the trends in negotiations. We simply confirmed that the eight locals had approved a contract and taped a statement welcoming the three-year term of the agreement.

During the final day of caucuses and negotiations at a snowmobile clubhouse, we had to ask one television crew to leave. They were following the negotiating teams, even when they sought to caucus over a picnic table.

One Down: 1,499,999 to Go

That will be the title of a Great Northern Paper advertisement which will appear in daily and weekly newspapers commencing in August. The advertisement is the second in a series with a common theme "It's our business to see the forest for the trees" developed by Body & Company of Portland. The three part series has two objectives. One is visibility for the company as the Big A project develops. The second is to develop a public awareness of the intensive forest management programs in the face of new threats of state regulation of forest harvesting practices.

Other Matters

With guidance from Dennis Corson of the Millinocket mill personnel department and photographs from Roger Boynton, an advertisement praising workers for safe practices over several years was developed. It will appear in the Katahdin Times...House Speaker Martin has named Representatives Mike Michaud of East Millinocket, Pat McGowan of Pittsfield, Bob MacEachern of Lincoln and Paul Jacques to a committee which will study forest practices...Senators Charles G. Dow of West Gardiner and Judy Kany of Waterville also will serve...In Augusta, I met with Maine Development Foundation officials to discuss a new economic education program for Legislators, the news media and officials of cities and towns. Bath Iron Works President Bill Haggett and House Speaker John Martin will be co-chairmen of the program's advisory committees...The Great Northern Paper labor negotiations briefly got crowded out of the No. 1 spot on the evening news by word that Champion was acquiring the Bucksport mill of St. Regis...A news release was distributed on the subject of company plans to have helicopters spray 12,400 acres of timberlands with herbicides.

Sincerely,

Paul

pmc/p

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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

August 20, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending August 17:

The Vulnerable Resource

No one disputes the conclusion that the forest industry is the backbone of Maine's economy.

The agreement ends on the subject.

At a time when a high priority for intensive forest management seems obvious to Great Northern Paper, no overall consensus on a strategy for the future is emerging in industry, government or in the field of education. There is a void of leadership.

In recent weeks, there have been these developments:

A spokesman for International Paper Company said the time has come for the State Bureau of Forestry to quit spraying to control the spruce budworm. That puts IP at odds with Great Northern Paper.

Conservation Commissioner Dick Anderson says he doesn't believe it would be worthwhile for the state to expand assistance to owners of small woodlots. He thinks more can be accomplished by influencing management on large tracts of timberlands.

Legislators have been named to a committee which will study forest practices.

Here is a summary of some of what is taking place:

Industry - At a Quebec city meeting, Jerry Williams, a forester, said "IP believes that the time has come for the state of Maine to spin

off the application (spraying to control the spruce budworm) to the private sector." IP has been conducting its own program. The deviation from the traditional industry position came without prior consultation. Once the key managers of woodlands met frequently to consider public policy. That's no longer true. Today IP, Seven Islands Land Company and Boise-Cascade believe the best way to get a state forest policy adopted is by letting the Maine Audubon Society take the lead. Big blocks of land are in transition, limiting the effectiveness of the managers representing Diamond International and St. Regis. There is still 180,000 acres of IP land on the market. Only Great Northern Paper is financing an aggressive public relations program.

Education - At long last, the University of Maine at Orono has a College of Forestry with a well respected new dean. But the role of the college in public policy is slow to evolve. Contributions are being made by the faculty. Dr. Ray Owen this month proposed a solution to the impasse between industry and the Land Use Regulation Commission staff on zoning of hundreds of thousands of acres of deer yards. Dr. Maxwell McCormack continues to be a leader in the use of herbicides.

Government - Side issues such as labor and environmental consideration rather than forest management will get top billing at the upcoming second Blaine House Conference on Forestry if the Department of Conservation has its way. Although responsible for state activities in the field, the department prefers the role of mediator to that of leader.

Publication this year of a Maine Forest Resource Plan by the Bureau of Forestry kicked off a storm of protests over the negative tone of the report regarding timber harvesting. The Bureau of Forestry is reconsidering the contents of the report.

Now another group of conservation department staff people, again with foresters in the minority, are developing proposals for the Legislature to spur industry in more intensive forest management. Commissioner Anderson likes the idea of reimbursing those who take the initiative for the tax they pay under the Tree Growth Tax Law. That means landowners would eventually pick up the total cost, at least in the unorganized territory. Anderson is adamantly against expanding the state's program of assistance to owners of small woodlots. He believes the Bureau of Forestry can accomplish more by motivating the paper companies and major land management firms step-up programs of intensive forest management. In the early years of the Brennan administration, the Bureau of Forestry's program of assistance to owners of small woodlots was drastically reduced. While the men behind the cutback in service, Dick Barringer and Dave Flanagan, have moved on, it is apparent Anderson isn't willing to attempt to reverse the decision -- even in the face of predictions of wood shortages in the next half century.

Instead of providing guidance on how to plan the management of woodlots, how to plant, how to use herbicides and thin to stimulate growth and how to build roads and harvest, Anderson prefers to "educate the masses" through programs in schools and by using television to reach broader audiences. Anderson and his aides also make it clear they want to single out for praise owners of large blocks of timberlands who take

a leadership role. For example, they want to view a planned thinning project in Great Northern Paper's Oakfield district.

With the forest industry splintered and the Brennan administration unwilling to take a leadership role, the stage may be set for the Legislature to intervene once the study committee has reported in 1985. Concern of some legislators over the deer herd and trends in forest management led to the study when a proposed forest practices act was dropped. If money is needed, the National Association of Conservation Districts is promoting the answer -- a state-by-state severance tax to raise funds to reward those who practice intensive forest management and conservation practices. Wood would be taxed at the time of harvest, as it now is in the state of Virginia.

Special Session

Governor Brennan has called for a special session of the Legislature September 4 and legislative leaders have decided to consider 17 proposals besides those matters the Governor will submit for approval. The Governor has said his concentration will be on reforms in the state's system of public education but hasn't made public his agenda. Details of the revenue package to finance the education program also haven't been announced. Some say the tax proposals haven't been decided upon, others that they are being kept secret so that opposition will not collapse. The corporate income tax went up 28 percent the last time such secrecy shrouded a proposal in Augusta.

House Speaker John Martin flatly predicts the tax proposals will have no effect on companies such as Great Northern Paper. Martin also rules out any action on a new rehabilitation system under workers' compensation insurance for the session which leaders hope to wind up September 8.

Hydropower Regulations

In February, the Land Use Regulation Commission was required by law to consider the petition of the Natural Resources Council to establish regulations under which the new state law governing hydropower development and river protection would be implemented. The NRC's petition was interpreted as an intent to create new barriers to the Big A project. Speaking for the Brennan administration, State Planning Office Director Dick Barringer called for the regulations, if any were needed, to reflect the careful balance struck in the law. When LURC responded in June, attorneys for Great Northern Paper and others objected that a thread of anti-development philosophy had been woven into the regulations and the intent of the economic development section reversed.

After Dale Phenicie, with Dan Boxer's help, had summarized our objections in a memorandum, we took Great Northern Paper's problems to Augusta on August 14. Paul Firlotte and Phenicie joined me for meetings with Representative Michaud of East Millinocket and House Speaker Martin and Dick Barringer. Michaud and Martin, who were involved in drafting the section on economic benefits, agreed with the company on

the intent of the law. Later that day the two met with LURC Director Alec Giffen. Barringer listened and reacted to our views for an hour and a half, not committing himself or the administration, although saying he believed the entire LURC commission would be more sympathetic to our views than the subcommittee which drafted the regulations.

A workshop on the regulations will be held August 29 in Augusta jointly by LURC and the Board of Environmental Protection.

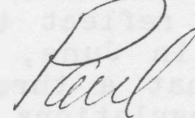
Maine Business Indicators

An article by R. F. Bartlett entitled "Why Great Northern Paper Moved to Portland" is featured in the latest issue of Maine Business Indicators, edited by a University of Southern Maine economist and published by Maine National Bank. The subjects of the Big A hydropower project and the need for a state commitment to programs of intensive forest management are discussed at length in the article. The publication goes to 2,800 opinion makers.

Other Matters

In response to questions, information on the new labor contracts was provided Hanan Salem of the Paper Trade Journal and Jim Conley of the U.S. Department of Labor...Calls on the subject of herbicides came from David Platt of the Bangor Daily News, Doug Wright of WWMJ (Ellsworth), John Logan of WAGM-TV (Presque Isle) and Susan Bennett of the Piscataquis Observer (Dover-Foxcroft)...Looking for follow-up stories on the shutting down of two paper machines, staffers of both WLBZ-TV and WABI-TV in Bangor called asking for August 20 interviews on the day the shutdowns are scheduled...Phyllis Austin of the Maine Times called to ask questions about rumors the company will restrict traffic on the Golden Road in 1985. She had been talking to white water rafting outfitters...Sue Bernard of WAGM-TV (Presque Isle) called to request an interview with Bob Bartlett on August 20 when he was scheduled to speak in Presque Isle...After being given a copy of a letter in which the Federal Energy Regulatory Commission sought additional information, Allan Loboizzo of the Bangor Daily News called to ask if this wasn't a setback for the Big A project. That's what he had been told by the Natural Resources Council.

Sincerely,



pmc/p



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

August 27, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending August 24, 1984:

Maine's Manufacturing Economy

A picture of Maine's manufacturing economy in 1982 emerged, as usual, 17 months after the year came to an end with publication of the Census of Maine Manufacturers. Some highlights of interest to this industry:

Ranked by value of product, pulp and paper was again No. 1 among 19 industrial categories.

The average wage of \$25,348 in the pulp and paper industry was again the highest paid in any category.

But there were signs of the recession. For the first time since 1975, the value of paper produced in Maine dropped (by 1.4 percent to \$2,714,000,000). Investments in the paper industry were down 29.2 percent to \$288,529,000. The value of products in the category covering lumber manufacturing and logging was off 7.9 percent and employment off 8.2 percent (1,091 jobs).

Overall, 1982 was a year which saw Bath Iron Works push the transportation industries category to a new high. The value of the product was up 24.8 percent. Employment in the category was up 11.8 percent (1,030 workers). Bath became the No. 1 community for manufacturing, surpassing 1981 leader Westbrook. Jay was No. 2 in 1982, followed by Westbrook, Portland, Rumford, Bucksport, Madawaska, Auburn, Lewiston, Sanford, Millinocket (which dropped from No. 8 to No. 11), North Berwick, Augusta, South Portland and Biddeford.

The average yearly wage in Maine went up \$1,388 or 9.3 percent to \$16,334. The U.S. average increased 6.6 percent. The paper industry was tops at \$25,348 while the state's largest employer, the leather industry, was 17th with an average of \$11,696.

The "two Maine's" concept gained momentum. Aroostook County -- which constitutes the northern area -- had the greatest loss in product value with a 9.3 percent slump, attributed to a hefty drop of 20.2 percent in lumber and wood products. And while the other economic regions showed big gains, eastern Maine was down 4.5 percent.

"Uncensored" Maine

"The Uncensored Guide to Maine" by Mark Melnicove and Kendall Merriam takes on all aspects of the Maine establishment. The 128-page book's publisher is Lance Tapley, an active figure in Maine's clique of anti-nuclear power activists. On the cover is a sticker calling attention to the fact the book is banned by L. L. Bean.

"Probably no other corporation in the country owns as much of one state as Great Northern Paper owns of Maine," said a chapter covering the "Big 7" -- accompanied by a table covering the number of vice presidents, mill locations and acreage owned in Maine. "Up on the Paper Plantation" recalls a Ralph Nader sponsored book. Another chapter on "Paper Company Freebees -- A Fringe Benefit for Legislators" uses invitations to International Paper's lodge on Fourth Musquacook Lake as an example.

Mailing

A booklet listing the names and addresses of the legislative candidates in districts where monthly salaried employees live was mailed August 24. The intent of the mailing was to stimulate interest in the Great Northern Paper program under which the company will match contributions of up to \$50. This was the second mailing of the 1984 election year.

Presque Isle Speech

R. F. Bartlett was the speaker at a July 20 meeting of the Rotary Club in Presque Isle. He discussed the company's role in the Aroostook County economy and the necessity to utilize the resources of northern Maine to build for the future -- using the Big A project and intensive forest management as examples. Bartlett was interviewed by John Logan for WAGM-TV evening news and morning agricultural report. Jack Faulkner of the Presque Isle Star Herald covered the talk and a story appeared in the newspaper.

Business and the Administration

Governor Brennan has called the Legislature back to Augusta after Labor Day to approve educational reforms but from all indications, he hasn't made up his mind on how to pick up the tab -- whatever it may be.

That's the impression a delegation from the Maine Chamber of Commerce got in an August 24 meeting with Brennan and his aides.

That's the impression Jim Good of Pierce-Atwood, Lynwood Hand and I all have after surveying the Augusta scene.

At a meeting of the MCCI Business Policy Council August 21, members voted to (1) support improvements in public education; (2) but insisted increases in wages should be related to performance; and (3) any educational package should be financed with a broad based tax, or reductions in other state programs.

Brennan and his aides said they don't buy the idea of relating pay to performance. The Governor said he doesn't like the idea of increasing the sales tax. His staff says they understood the impact of the sales tax on oil users. Repealing sales tax exemptions is a popular topic in administration circles. Nobody in business is very comfortable awaiting the outcome of the Governor's deliberations. He will probably disclose his program in a speech to be broadcast on public television at 8 p.m., September 4.

Other Matters

Phyllis Austin of Maine Times called August 20 with questions regarding the statements of environmentalists that Great Northern Paper had suffered a setback because the Federal Energy Regulatory Commission (FERC) had asked for more information before accepting the Big A Project...Pat Foster of the Moosehead Messenger called with questions regarding the company's forest management programs.

Sincerely,

Paul

pmc/p



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

September 4, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending August 31:

LURC

The Land Use Regulation Commission was involved last week in two verbal tugs of war, one that made headlines, the other behind the scenes.

Publicly LURC, with members of the Board of Environmental Protection, held a workshop August 29 on proposed regulations to deal with hydropower. LURC was in the middle of the tugging between environmentalists and people in business.

Politically, the forest products industry was tugging for recognition from the Brennan administration which must soon make two appointments to LURC. The bureaucracy and the Governor's staff seemed tilted against the paper industry.

LURC was established in 1969 to serve as a planning and zoning board for the 10 million acres of the state without local government. In reality, LURC has spent most of its time regulating the forest products industry. In the months ahead, LURC will consider Great Northern Paper's application for a permit for the Big A hydropower project.

At the Augusta workshop, participants in two panel discussions and persons in the audience commented on a draft of regulations developed by a joint committee of LURC and BEP members and staffers with help from the State Planning Office. The workshop included morning, afternoon and evening sessions. Attorneys and bureaucrats dominated the day, debating the draft, section by section. The audience of approximately 50 included representatives of industry, trade associations, environmental groups, white water rafting outfitters, municipal governments, state agencies and a few fishermen.

At issue were points on almost every one of the 40 pages of regulations but a lot of the talk was about how to measure benefits, a carry-over from the session of the Legislature which approved Governor Brennan's rivers legislation in 1982. This was Great Northern Paper's concern. Dan Boxer, the Portland attorney who specializes in environmental law, maintains that it was the intent of the Legislature to add up economic benefits in one section and evaluate the environmental effects in another. But the draft proposes subtracting nonpriced environmental losses from the economic benefits. Legislators are split over what they intended.

It may not matter insofar as the Big A project is concerned. Everyone agrees it will be several months before regulations are adopted. Great Northern Paper is expected to file for a permit in November.

Perhaps David Flanagan, the former Brennan aide (and still a confidant of the Governor) who is a Central Maine Power Company vice president, made the most important point of the day. He reminded the regulators that the intent of the rivers legislation was twofold -- (1) to ban hydro on some waterways and (2) to make it easier to develop new facilities on others. The legislation contained a "quid pro quo."

Dale Phenicie was a panelist. Paul Firlotte and Galen Lander attended.

A two-month wait for proposed regulations comes next. After that, more hearings.

The political struggle of the paper industry for a balance on LURC turned into a comedy of conflicting signals from the Brennan administration and reaction from industry and bureaucracy.

LURC has seven members. The terms of Chairman Charles A. Blood of North New Portland (who backed Republican Charles Cragin against Brennan in 1982) and aging Woodbury Brackett of Auburn have expired. Brackett fills the "industry seat." After the flap over the nomination of former Maine Audubon Society staffer Elizabeth Swain member of LURC, the administration invited suggestions from industry. Brian R. Currier, woodlands manager for Pejepscot Paper, was suggested as the nominee by industry.

Several weeks ago Conservation Commissioner Dick Anderson and LURC Director Alex Giffen started sounding out industry on other candidates. They said they had been told Currier couldn't serve because of a conflict of interest.

A letter from Portland attorney Donald Perkins was provided the Governor's staff saying there are no legal barriers to the Currier nomination. The administration agreed.

Next Anderson argued Currier couldn't win legislative approval and suggested more alternatives. Logging contractors John Richards of Greenville and Gil Cyr were mentioned among the possibilities. The LURC staff was lobbying for Blood.

In the space of a week, there were these rumors and developments:

A paper industry representative was told by the Governor's office that an industry person wasn't acceptable to the chairmen of the Committee on Energy and Natural Resources which must vote to recommend LURC members. Senator Judy Kany and Representative Donald Hall are frequent critics of the industry.

The next day a Scott Paper Company executive was told by the Governor's staff that the Currier nomination was as good as dead. Industry backed off from the idea.

The next day a paper industry representative said he was told by a confidant of the Governor that the Governor hadn't changed his mind from the beginning and was very much interested in nominating Currier. Did industry have a head count on the committee?

The next day an industry head count showed six members who favor Currier, three not contacted seen as probable supporters, one undecided and three against.

Next?

The nomination isn't expected soon. When made, two nominations are expected. If the administration accepts a nominee of the industry, it will be the first time in six years. Suggestions have been accepted for designated seats on committees and boards where no other options existed.

In a noncontroversial matter, LURC approved a \$14 million plan of Central Maine Power to build a 5.4 megawatt dam below Aziscohos Lake west of Rangley. LURC rejected arguments of state fisheries biologists in voting that the company could dry up a 2,000 foot section below the new dam.

The Legislature

Governor Brennan will outline his educational reform program Tuesday night on a statewide public television network. From what has been learned, the Governor's package will cost \$5 million for the rest of the fiscal year and \$40 million in 1985-1986 and will be paid for with new "sin" taxes and increased revenues.

On Wednesday, the Energy and Natural Resources Committee will hold a public hearing on several land exchanges between the state and companies of the Forest Products Industry, including Great Northern Paper.

The Speaker's Letter

Businessmen and businesswomen this week got a letter from House Speaker Martin. The subject was workers' compensation insurance.

After saying he has concluded there are no simple solutions to this issue, the Speaker said progress has been made. The processing of claims has been speeded up, the role of attorneys reduced. A new rehabilitation program has been developed for submission to the next session. A commission has recommended competitive pricing be instituted.

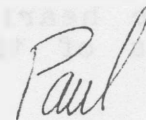
Martin said the problem is recognized in Augusta as important to the Maine economy. He said the objective must be long-term stabilization and reductions in workers' compensation that we all desire.

It was the first time a House Speaker has written all Maine businesses.

Other Matters

Gina Pressman of the staff of the Public Broadcasting Network series Reading Rainbow called with questions regarding the potential for a program on logging. When an associate called several weeks ago, I suggested they talk with a Maine Public Broadcasting Network producer who had done a similar show in cooperation with Great Northern Paper. They had not. I again suggested they talk to the MPBN producer. It is questionable if we have time for this project considering the way the producers go about researching and producing segments of Reading Rainbow...J. Russell Wiggins, editor and publisher of the Ellsworth American, called to say he couldn't believe the amount of information requested from Great Northern Paper by the Federal Energy Regulatory Commission (FERC) regarding the Big A project. Wiggins asked for the company's position on two points, the question of a biomass boiler as an alternative and that of substituting Canadian hydropower. Wiggins supports the project...John Harr of the New England Monthly Magazine called with questions regarding the Golden Road. He's considering a piece on the forest products industry...Jim Soule of the Portland Rotary Club asked for the company's logo to use in promotion for the Complete the Loop Triathlon of which the company is key sponsor. The club is Portland's largest civic organization. It was held August 12...Theresa Engstrom of the Wall Street Journal's Boston bureau asked for information on the Big A project to incorporate in an article on recreation in the commercial forests of Maine she is preparing...A contribution of \$2,000 has been made to the Maine Council on Economic Education and \$1,000 to the Maine Economic Institute by the Great Northern Nekoosa Foundation.

Sincerely,



pmc/p



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

September 10, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending September 7:

Barry Hobbins' Frustrations

State Representative Barry Hobbins has been a success in politics. In 1972, at the age of 20, Hobbins was elected to the Legislature from his home town of Saco, 12 miles south of Portland. In 1984, after six two-year terms in the House of Representatives (two as chairman of the Judiciary Committee) and four years as the Democratic party's state chairman, the attorney is increasingly frustrated in his attempt to unseat U.S. Representative John McKernan.

That is why last week Hobbins was on the verge of becoming the first of the candidates for major office to make the Big A hydro project a campaign issue.

At a State House meeting September 6, Hobbins told Dick Noyes, Paul Firlotte, Representatives Herbie Clark and Mike Michaud and me that he planned to announce his opposition to the Big A project the preceding day. Hobbins said he was confident that by doing so he could embarrass McKernan. Hobbins said that while he is very proud of his record on environmental issues, McKernan has been getting the support of most people interested in such matters in the First Congressional District. Hobbins also believes he can blunt the support he anticipates McKernan will get from the Sportsman's Alliance of Maine. And the Democrat doesn't believe he risks losing business support -- telling others the Great Northern Paper political action committee supported McKernan two years ago.

In the meeting with Great Northern Paper, Hobbins said he believes that a biomass boiler is an acceptable alternative and said he viewed talk of job losses as "threats." Hobbins said the issue is political,

rejecting the Brennan administration policy (so far adopted by the members of the Congressional delegation) that the Big A project is now in the hands of regulators and it should be left there.

When it was discovered that Hobbins was ready to speak out, we were fortunate to have allies on the scene in Augusta. AFL-CIO State Treasurer told Hobbins the project had the support of labor. State Senator Ronald Usher of Westbrook urged Hobbins to stick to the issues in his own district. Representative Michaud spent the evening countering opponents' arguments which Hobbins was using to justify his stand. Portland attorney John Delahanty talked to Hobbins and joined Lynwood Hand in advising me on strategy. Hand was told by Gorham September 7 that Hobbins was reconsidering his statement.

Labor Day has come and gone. The 1984 political campaign is in full swing for Hobbins and all the others involved.

U.S. Senator William Cohen was campaigning vigorously in the face of a reelection challenge from State Representative Elizabeth Mitchell, the majority leader of the House of Representatives. Like Hobbins, Mrs. Mitchell favors a nuclear freeze. Cohen supports his "build-down" approach. Mrs. Mitchell has been campaigning against political action committees. Cohen is viewed as the heavy favorite.

McKernan is favored in the First District. But politicians say that he holds a "swing seat" which could go either way depending on issues. Incumbent Republican Olympia Snowe is favored to defeat newcomer Chip Bull of Washburn, a former federal agricultural official. In both campaigns, the issues haven't been defined.

Elsewhere on the Maine political scene, everybody agrees the Democrats will retain command of Maine's Legislature. They now have a 23-10 majority in the Senate and a 92-59 majority in the House.

State Republicans are openly pessimistic. They expect their numbers will decrease.

There is some speculation that the fact President Reagan is expected to win big in the state and that Cohen, Snowe and McKernan are on the top of the ticket will enable Republicans to cut the Democratic majority in the House. But that was also the talk in 1982 when House Speaker John Martin's strategy instead produced new gains for the Democrats.

Regardless of what Hobbins says, the Big A project may still become a campaign issue.

Aides to Representative Mitchell sided with opponents of the Big A during the 1982 legislative session. Tony Buxton, Hobbins' successor as chairman of the Democratic party, is the attorney for white water rafting outfitters. State Senator Beverly Bustin, Hobbins' campaign manager, is a white water rafting enthusiast. Congressman McKernan will be under heavy pressure from southern Maine's environmentalists who are his allies.

But there are reasons why candidates may not want to join the coalition opposing the Big A project.

No newspaper has come out against the project, while the third largest daily and the most influential weekly papers support the Big A. The Maine Sunday Telegram has cast Speaker Martin as a proponent. Senator Charles Pray, the front-runner in the race for Senate president, favors letting the regulatory process take its course. Legislators also remember efforts to put the state on record against the project in 1980 and 1982 got nowhere. The AFL-CIO is a supporter. And polls show that only L.L. Bean has a more positive public image than Great Northern Paper in the business community.

If a member of Congress is elected who opposes the Big A project, he or she will become a potential sponsor of legislation proposing designation of the Penobscot as a National Wild and Scenic River. Such designation usually prohibits new impoundments.

More on the Big A Project

It's likely there will be more nationwide publicity on the project. An assistant producer for the CBS Evening News with Dan Rather called September 6 to say she was coming to Maine September 10 to research the story. She called again September 7 to ask that a company spokesman be at interviews September 12 or 13 by correspondent Ed Rable and that CBS be allowed to take pictures of the papermaking process.

P.S. - Assistant Producer Maureen Schoots was suprised to hear that the topic had been the subject of a report July 3, 1984 on the NBC Nightly News with Tom Brokaw.

The Legislature

After hearing Governor Brennan on September 4 call for a new "era of excellence" in Maine's schools, legislators are bogged down over how much teachers should be paid, how they should get the raise proposed by the Governor and where the money should come from for the raise and other recommended reforms. The session will go into a second week.

The bond issues which accompany the educational proposals will include funds for a new building for the chemical engineering department of the University of Maine at Orono, a goal of the school's Pulp and Paper Foundation which is financed by industry. Industry has offered to equip the facility.

In the only matter of direct interest to the company, the Energy & Natural Resources Committee approved a land exchange, an outgrowth of the legal battle over public lots. The legislation won initial approval in both houses of the Legislature. Involved were Great Northern Paper, Scott Paper, International Paper, Georgia-Pacific, Baskahegan, Coburn and Prentiss and Carlisle. Great Northern Paper conveyed 38,225 acres to the state and acquired 29,820 in return. With final approval by the Legislature, the long legal battle will end.

Forest Resources Study

Representative Pat McGowan of Pittsfield was elected chairman of a special legislative committee established to study forest management at an organizational meeting September 6. McGowan was one of several legislators, with concerns over the effects of forest management trends on fish and wildlife, who sought the special study. Besides legislators, the committee includes representatives of the forest industry, the forestry profession and others. A public member will be named by the Governor.

Matching Gifts

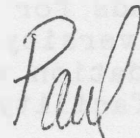
So far in 1984, Great Northern Paper has matched contributions of 21 monthly salaried employees to 5 candidates for the Legislature. In 1982, 42 contributions of 24 employees were matched.

A list of candidates in districts in which employees live was mailed August 24, 1984 to 478 persons. It was the second mailing of the year aimed at stimulating participation. A third reminder is planned. Only one mailing was made in 1982.

Other Matters

In our last newsletter, a mistake was made. A dam already exists below Azischos Lake and Central Maine Power will install a turbine to generate power, not build a dam. LURC did approve drying up a 2,000 foot section of the river...John Harr of the New England Monthly Magazine came to Millinocket September 7 to see a paper mill and discuss the Golden Road as part of a story he is preparing...a reporter from the Cape Cod Standard Times of New Bedford, Massachusetts called September 7 for information on the Big A project. She is writing a story...Ken Hodsdon and Gerry Blanchard of Pinkham Lumber and I met with staff members of the New England Group September 6 to discuss the needs of the lumber company for a new brochure and advertising materials...Carol Kane of Business Insurance Magazine called September 4 with questions on a Becker Institute public opinion survey on the subject of workers' compensation.

Sincerely,



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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

October 1, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the three weeks ending September 28:

The Beleaguered Utilities

Will Maine's electrical utilities survive the months ahead? Or will Central Maine Power, Bangor Hydro and Maine Public Service financially collapse?

The answers to these questions likely hinge on the findings of the Public Utilities Commission which before year's end will decide whether continued investment in the Seabrook, New Hampshire nuclear generating station is desirable.

For northern Maine the fate of the three companies isn't critical because no one expects an interruption in service.

But the tone of the debate reflects, some say, the atmosphere in which business operates in this state. Others, including some in the business community, say errors in judgment by the utilities have put the companies where they are today.

The utilities' problems include:

- The big stake the three utilities have in the controversial New Hampshire nuclear station. Central Maine has invested \$190 million, Bangor Hydro \$70 million and Maine Public Service \$50 million. Some predict the three companies will have to invest as much again before Seabrook I could be completed.

- A recommendation by Public Advocate Paul Fritzsche that the PUC order the Maine companies to withdraw from the New Hampshire project. Fritzsche is on the staff of Governor Brennan.

- The eroding financial picture for all three. Central Maine Power has cut its stock dividend.

- A Public Utilities Commission which some rank as the "toughest" in the country. Peter Bradford, a former Nader Raider and Nuclear Regulatory Commission member, is chairman. He's seen as a possible Democratic party candidate for Governor in 1984. Cheryl Harrington, the former chief of the Attorney General's consumer fraud and antitrust division, and David H. Moskovitz, an attorney-engineer, round out the commission.

- An investigation of the utilities' political activities by a special committee of the Legislature. The committee has been looking into charges the utilities have contributed manpower, free postage and the results of public opinion polls to candidates for the Legislature without reporting the contributions.

- A lack of public confidence. Public opinion polls in 1983 showed half the people in the state had an unfavorable opinion of Central Maine Power. By comparison, only 15 percent had an unfavorable opinion of the paper industry.

- Public confidence in the utilities dropped sharply after a senior vice president of Central Maine Power was fined by the PUC for admitting he had lied in testimony regarding polling.

John Rowe is the new president of Central Maine Power, the state's largest utility with annual sales of nearly \$500 million. He has taken a new approach in trying to reverse the trend against the company. Rowe came to Maine from a legal affairs vice presidency with Conrail. As president of Central Maine Power, he has concentrated on improving relations with the PUC and building his ties with the Democrats who control state government.

Rowe hired David T. Flanagan, former counsel to the Governor and partner in the Portland firm of Pierce, Atwood, Scribner, Allen, Smith and Lancaster, to head a new department responsible for legal and governmental affairs. Connie Irland, former deputy director of the Office of Energy Resources, was hired.

Several days ago the company hired Marshall Cohen and Mary J. Herman to join Donald H. Marden in lobbying in the next session. Cohen and Herman have teamed up to represent community groups, health care providers, low income advocacy groups and others.

In the State House, critics of Central Maine Power credit the company with trying to regain credibility with regulators and legislators.

Advice from the Governor

At the annual meeting of the Maine Development Foundation, Governor Brennan appealed to people in the business community to meet their obligations as citizens and run for public office. The Governor called

the lack of candidates for the Legislature in 1984 a disgrace. He joked that he was willing to accept the risk that "many of you are in the other party." Twelve of the 35 Senate seats are uncontested as well as 52 of the 151 House seats. The Governor reminded the 500 people in the audience of the political saying "unopposed are unaccountable..."

Public Lands and the Legislature

The morning after the Foundation dinner, the Governor signed into law the land exchange approved by the Legislature. For Great Northern Paper and other landowners, the legislation provided an end to the controversy over ownership of grass and timber rights on public lots. Annee Tara, Deputy Conservation Commissioner and chairman of the state negotiating committee, praised the corporate citizens involved. State Planning Office Director Dick Barringer included Robert Hellendale among those who took leadership roles in the exchanges.

CBS Comes to Town

Correspondent Ed Rable, a producer, and assistant producer, a photographer and a sound man came to Maine September 5-6-7 to do a report on the Big A Project controversy. They talked with the Governor, environmentalists, labor leaders, Millinocket residents, white water rafting outfitters and a representative of the company.

The report appeared on the CBS Evening News with Dan Rather September 27. A transcript has been distributed.

Comments from Augusta observers, staff members for Senator Cohen and Representative Snowe and Bangor and Presque Isle television reports agreed the CBS report was pretty well balanced. Governor Brennan's press secretary was sorry that the report did not make it clear only a few miles of the river were at stake. The Governor was quoted on the fact the paper industry is the economic backbone of the state's economy.

Bull-ish on the Big A

Chip Bull, the former federal agricultural official from Aroostook County, who is facing an uphill fight to unseat Congresswoman Snowe, became the first candidate for major office to take a stand on the Big A Project. Bull endorsed the project at a September 28 press conference.

Changes on the "Money" Committees

It looks like sweeping changes are coming on the legislative committees which deal with money matters -- appropriations and taxation.

Gone from appropriations will be Democratic conservatives Louis Jalbert, upset in a June primary, and Ed Kelleher of Bangor, who is not seeking reelection. If Senator Tom Perkins of Blue Hill becomes minority

leader, he also may be departing. If Senator Pray of Millinocket becomes Senate President, Senate chairman Mary Najorian of Portland may not be reappointed.

Senator Frank Wood of Berwick, Senate Chairman of Taxation, isn't seeking reelection. Some say "Senator-elect" (he's unopposed) Tom Andrews, a longtime foe of industry, may be his successor.

While House Chairman Craig Higgins is expected back, some say he'll be replaced as chairman by Representative Jack Cashman of Old Town.

Other Matters

Warren Richy of the Christian Science Monitor called September 27 requesting information on the spruce budworm situation.

Sincerely,

Paul

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Distribution:

E. E. Allain	W. M. Dillaway	P. D. Hubbe	M. Porterfield
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Paul K. McCann
Manager Public Affairs

October 15, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending October 12:

Crisis on the Regulatory Scene

The business community has a crisis on its hands, say those who represent business in dealing with state environmental regulatory agencies.

For months, they and others have been trying to convince the Brennan administration to appoint people who appreciate business to the Land Use Regulation Commission.

Now the two members best qualified to argue the business view have resigned from the Board of Environmental Protection.

Conflicting signals from the staff of Governor Brennan on LURC nominations apparently all boil down to one point: If a candidate doesn't have the blessing of Don Hall, the House Chairman of the Energy and Natural Resources Committee, it's unlikely they'll be nominated.

Brian Currier, the Pejepscot woodlands manager, will soon have a get acquainted session with Hall. Currier is being promoted for LURC by the Paper Industry Information Office. Others in the administration have said, "We would no more appoint a paper industry employee to LURC than a Central Maine Power official to the Public Utilities Commission." Conservation Commissioner Anderson and LURC Director R. Alec Giffen have been openly recruiting competition for Currier.

One of the names advanced by Anderson and Giffen is that of John Richards, a Greenville logging contractor. Gil Cyr, a Portage contractor, has also been suggested as a nominee. So has former State Senator James Martin, an uncle of House Speaker Martin. The LURC staff would like to see veteran LURC Chairman Charles Blood reappointed.

Blood, a north New Portland wood broker, and Woodbury Brackett, former Auburn city manager, continue to serve although their terms expired July 10. The term of Ray Owens, a University of Maine faculty member, expired August 26 but traditionally a biologist fills the seat. The term of Beren Harrington, who fills the seat requiring a knowledge of conservation, expired September 25. John Walker, a former director of the Bureau of Forestry, Reynold Raymond of Eagle Lake and Elizabeth Swain of Pownal round out the commission.

When Ms. Swain, a former Maine Audubon Society staff member, was nominated, she ran into criticism because the Governor had ignored suggestions that a northern Maine person be selected. LURC is responsible for zoning and planning in the half of the state without local government. The Commission staff spends most of its time regulating loggers. Under a new state law, LURC will consider Great Northern Paper's application for a state permit for the Big A Project.

Like LURC, the BEP may be in for sweeping changes. In addition to the two vacancies created by the resignations of Ernest Caliando of Hampden and Linwood Palmer of Nobleboro, the terms of three other members (Evelyn Jephson of Kennebunk, William Blodgett of Waldoboro and James Tweedie of Mars Hill) expire in March of next year. If Blodgett or Tweedie are successful in bids for the Legislature, they'll resign before the end of 1984.

David Platt of the Bangor Daily News wrote what most are saying: "The members who left were on the board's pro-business side, meaning the more environmentally inclined members are now firmly in control." Here's how they stack up:

"Business Oriented"

Jim Tweedie of Mars Hill
Neil Hapworth of Winslow

"Environmentally Inclined"

Kim Mathews of Freeport
Ed Lavery of Enfield
Sam Zaitlin of Biddeford
Evelyn Jephson of Kennebunk
William Blodgett of Waldoboro
Peter Wiley of Falmouth

Wiley and Blodgett were pictured as "swing votes" when Palmer and Caliando lined up with Tweedie and Hapworth.

Palmer and Caliando are telling the press they resigned because of the press of business. Both are quoted by friends as bitter over their experiences on the BEP. They are highly critical of the "anti-business bias" of the staff of the Board of Environmental Protection. They also complain that the business community has ignored the problem.

Both also say the Governor doesn't appreciate the dangerous tilt of the BEP to the environmental point of view.

The BEP is responsible for issuing water and air emission licenses, for permits under the site selection law, and for regulations under which the DEP administers laws governing solid and toxic wastes, the development and operation of hydropower facilities, oil conveyance and other subjects.

Dale Phenicie is a member of a new committee of the Paper Industry Information Office which is identifying potential BEP members. Jim Giffune is on another PIIIO committee promoting the candidates of Currier and Cyr for LURC.

Attached are BEP and LURC membership lists.

After CBS: The Globe and the Times

The Big A Project continued to get attention from major national news organizations.

Tony Chamberlain wrote a story on the subject for the Boston Sunday Globe on October 7.

Fox Butterfield of the New York Times' Boston Bureau visited Millinocket October 4-5. With help from Paul Firlotte, I answered questions on the hydropower project. But Butterfield also got interested in the town of Millinocket as the subject of a story. He was also intrigued by the spruce budworm's effect on the wood supply. Butterfield is back in his native New England after 15 years in China. He came to Maine, the Times reporter said, because of the persistence of opponents of the Big A Project in promoting a story. A photographer followed him to northern Maine and said Butterfield wanted material to illustrate two or three stories.

The week also saw Columnist William Clark strongly endorse the views of Bob Bartlett on the Big A Project and state aid for small woodlots in articles in the Portland and Waterville newspapers.

Welcome, Gordon Manuel

People in the Bangor business community, the news media and state officials were complimentary over news that Gordon R. Manuel, news director of WABI-TV, will join Great Northern Paper November 12 as assistant manager of Public Affairs. Manuel will join Lynwood Hand, the company's legislative counsel, in Augusta for the legislative session in 1985 and assist in other Public Affairs activities.

Matching Political Gifts

Thirty-one contributors to candidates for the Legislature had been matched as of October 5, three more than were made in 1980. The 31 contributions to ten candidates totaled \$925 and were made by 20 monthly salaried employees. Our goal is to stimulate 43 contributions with a total of over \$1,445 to exceed the 1980 total, including 14 contributions to candidates for Governor. There is no gubernatorial race this year.

Contributions of up to \$50 by monthly salaried employees are eligible for matching if a copy of the check is provided the Public Affairs office in Millinocket.

Acid Rain Legislation

A resolution calling for an SO₂ emissions cap on major industrial and utility facilities in each of the New England states has been adopted by the New England Governors Conference. The governors see state laws as an interim measure while the governors push for federal legislation. "The issue of acid rain is receiving more and more attention at the state level, and evidence continues to mount that the issue will be a hot topic in a number of legislatures next year. The Natural Resources Council of Maine has announced the organization will push for approval of acid rain control laws in the session of the Legislature opening in January.

Other Matters

An advertisement was prepared for the Katahdin Times saluting 26 1984 graduates of the apprenticeship programs in the mills...An advertisement was placed in the newspaper urging hunters to be aware of men at work in the company's woodlands...Bob Cummings of the Maine Sunday Telegram called with questions regarding the wood supply outlook and the potential for substituting hardwoods for softwoods...John Lovell of the Maine Sunday Telegram called regarding an interview with Bob Bartlett...A \$500 contribution was made to the Friends of the Vocational Technical Institutes, an organization organized to promote passage of a \$13,425,000 bond issue to provide new facilities for the VTI system and Maine Maritime Academy. The company also is supporting a bond issue providing funds for the University of Maine...A team of producers and directors from the "Reading Rainbow" television series visited the West Branch region and Millinocket October 11 to "scout" locations for a production based on a book about Paul Bunyan...Governor Brennan is pictured as ready to propose changes in the workers' compensation laws after an Augusta meeting arranged by the Maine Chamber of Commerce and Industry. Georgia-Pacific and Boise Cascade were among the companies involved.

Sincerely,

Paul

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Enclosures

LAND USE REGULATION COMMISSION

<u>Member</u>		<u>Term Expires</u>
*Charles A. Blood Main Street North New Portland, Maine 04961 628-2942		July 9, 1984
Woodbury E. Brackett Maple Hill Road Auburn, Maine 04210 783-1538	(Business & Industry)	July 9, 1984
Ray B. Owens, Jr. 91 Mill Street Orono, Maine 04473 866-4892	(Fisheries & Wildlife)	July 9, 1985
Beren G. Harrington Parlin Pond Jackman, Maine 04945 668-2381	(Conservation)	July 9, 1985
John Walker East Livermore, Maine 04228 897-2586	(Forestry)	September 5, 1987
Reynold Raymond Eagle Lake, Maine 04739 444-5310		July 29, 1987
Elizabeth Swain Pownal, Maine 04069 688-4480		November 4, 1988

*Chair

BOARD OF ENVIRONMENTAL PROTECTION

<u>Member</u>	<u>Term Expires</u>
*Samuel M. Zaitlin Old Pool Road P.O. Box 952 Biddeford, Maine 04005	October 27, 1987
Kim Mathews RFD #3 Freeport, Maine 04032	April 20, 1987
Peter J. Wiley 21 McKinley Road Falmouth, Maine 04105	May 10, 1987
Neil Hapworth Haywood Road Winslow, Maine 04901	September 5, 1987
Evelyn Jephson 5 Forest Lane Kennebunk, Maine 04043	March 1, 1985
James Tweedie, Sr. Mars Hill, Maine 04758	March 1, 1985
William B. Blodgett Waldoboro, Maine 04572	March 1, 1985
Ernest A. Caliendo, Jr. RFD #1, Box 116E Hampden Highlands, Maine 04445	August 2, 1985
Linwood E. Palmer, Jr. West Neck Road Nobleboro, Maine 04555	July 15, 1986
Edward Laverty University of Maine 1 North Stevens Hall Orono, Maine 04468	September 5, 1987

*Chair

In my business, I try to stay away from expressing my opinion on any issue that may be two sided,
whether it be politics, business or family, simply because I am not out to offend anyone with my opinions.

However, I do know how this area got developed
and I do know the same company keeps the Katahdin Area growing and prosperous,
along with providing jobs for hundreds and hundreds of people throughout this great state.

THAT'S WHY I MUST SAY,
FOR YOUR FUTURE AND MINE -

**BIG "A"
ALL THE WAY**

Dan Pulkkinen

There is no P.S. today.
I hope I have said it all!



Dan Pulkkinen's
MILLINOCKET FORD-MERCURY
1009 Central Street, Millinocket
723-9721



Great Northern Paper

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Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

October 22, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending October 19:

Workers' Compensation

Governor Brennan is considering proposing several changes in the state's workers' compensation laws, a delegation from the Maine Chamber of Commerce and Industry has been told.

If the Governor goes ahead, the next step would be for him to incorporate the proposed changes in his 1985 legislative program. Whether or not he takes the next step will probably depend on the reception his ideas get from legislative leadership.

Karen Brown of Boise Cascade told two meetings of a Paper Industry Information Office committee and task force that, "At this time the proposals under consideration by the Governor, which the business community supports, include:

- "1. Discontinue use of the current prior approval rate-making system for Workers' Compensation and adopt a competitive rating system similar to that enacted in Vermont in 1984;
- "2. Coordination of benefits for offset of Social Security old age benefits;
- "3. Adoption of the AMA guides for the evaluation of permanent impairment;
- "4. Payment of scheduled benefits only upon the employee's return to work;
- "5. After a set period (325 weeks has been proposed) the employee assumes the burden of establishing continued total in capacity;

- "6. A 5% cap on annual benefit adjustments; and
- "7. Discontinuance of death benefits upon the remarriage of the surviving spouse."

Governor Brennan asked the MCCI delegation at the October 10 meeting for more information on how to cap benefits, lawyers' fees and duplication of benefits, according to Miss Brown.

At an October 15 meeting of the workers' compensation task force of PIIIO and at the October 16 meeting of the Public Affairs Committee, it was decided to work through MCCI and rely on that organization to get what it can into the Governor's package. If the Governor's proposals are inadequate, the Coalition for Workers' Compensation Reform can be reactivated. Steve Clarkin of the MCCI staff says his organization also has a backup strategy.

At the task force meeting (attended by Ken Legins of Great Northern Paper), the following options for capping benefits got top priority:

1. Amend the schedule of permanent impairment benefits by reducing the number of weeks or substituting dollar maximums for each listed impairment;
2. Freeze benefit levels to those prevailing at the time of injury by repeal of the escalator, so that benefits on future cases would no longer escalate;
3. Lengthen to three years the time before an individual's weekly benefit is adjusted upward because of the escalator; and
4. Phase out the escalator clause over a three-year period.

While members of the task force agreed that the basic reason for the high cost of Maine's system is high benefit levels, they acknowledged the current political climate makes it unlikely benefits can be rolled back.

The news that Governor Brennan is considering getting involved in the workers' compensation issue got mixed reviews although it generated excitement in the Augusta rumor mill.

Many remember waiting for the Governor to act on similar proposals from the Blaine House Conference on Small Business in 1980. Nothing ever happened. In a 1982 talk, the Governor said:

"I would suggest that in all the debate on workers' compensation, the focus may have been on the wrong end of the beast. We may have lost sight of what weighs what. Together with workers' compensation reforms, safety is the key to exorbitant workers' compensation insurance rates."

Like the Governor, House Speaker John Martin has chosen to look for solutions other than reducing benefits. In a letter to the chief executive of Chesebrough-Ponds, Inc., the Speaker in 1983 said, "...If you expect that we in Maine are going to reduce the cost of workers'

compensation by cutting the benefits of injured Maine workers to sub-poverty levels, you are mistaken." When the Governor failed to act and the Legislature bogged down on proposals for changes in 1981, Martin named a special committee to tackle the issue. In 1982, two recommendations of the committee became law -- one aimed at reducing involvement of attorneys in the early stages and the second strengthening the Commission administering the law.

Aides of the Speaker this week were unaware of the Governor's discussion with MCCI. They indicated the Speaker already had an agenda for 1985. The special committee he named is proposing a new rehabilitation program. A commission headed by John Menario of Portland is proposing a competitive state fund and deregulating rates for the insurance. An anti-fraud unit will be proposed to police the system.

Aides say the Speaker has steadfastly maintained that there will be no reductions in benefits until all other approaches to improving the system have been attempted.

While appreciation of the problems created by the Maine law is growing in Augusta, it's not a problem the public shares, or understands, according to polls. While the chances of reform of the system in 1985 may be improving, there is little hope for reducing benefits. That probably must await a time when there is more pressure on the politicians.

Big A: Retirees, Sportsmen and Legislators

Galen Lander made presentations October 15 to a group of retired employees and October 18 to the Fin & Feather Club on the Big A Project. The retirees offered their assistance in supporting the project.

Information on the project was sent to Mrs. Mary Webster, a candidate for the Legislature in the Cape Elizabeth district. Company employees had brought the matter to her attention. In talking with newsmen in Augusta, retiring Senate President Gerry Conley listed the Big A as one of the issues likely to generate considerable debate in the next session.

An article on the project appeared in the October 14 New York Sunday Times.

David Platt of the Bangor Daily News wrote a story which appeared October 20 on the Great Northern Paper response to the Federal Energy Regulatory Commission.

Bond Issues

A letter from R. F. Bartlett supporting two bond issues which will be voted on in conjunction with the November 6 general election was mailed to all salaried employees.

A second building for the chemical engineering department on the Orono campus of the University of Maine would be provided if a

\$16,500,000 bond issue is approved. (Great Northern Paper contributed \$2,500 to a committee promoting passage.)

New buildings for the state's vocational-technical institutes and a tugboat for the maritime academy would be provided if a \$13,425,000 bond issue is passed. (The company contributed \$500 to a group promoting passage.)

Other Matters

An advertisement on the subject of forest management was placed in an October 19 special section of the Bangor Daily News promoting Maine Forest Products Week, October 21-27...A hunting safety advertisement was placed in the Katahdin Times.

Sincerely,

Paul

pmc/p

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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

November 5, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending November 2:

Acid Rain: Don't Bother Me With the Facts!

"With Congress gridlocked over reauthorization of the Clean Air Act and the Administration fiddling while the environment corrodes, the affected states are taking the lead in attacking acid rain," wrote Michael Oppenheimer of the Environmental Defense Fund, a Washington-based environmental group, in the July 7 New York Times.

Frustrated by the Reagan Administration's insistence on more research to justify new laws to control acid rain, environmentalists have adopted a new strategy. They are seeking new state controls over sulfur dioxide emissions. This new activity is clearly geared toward pressuring the federal government into adopting a national acid rain program.

New York in August became the first state to adopt a law specifically intended to curb acid rain, requiring a reduction of 12 percent in sulfur emissions by 1988 and a total of 30 percent by 1991. Massachusetts may be the next to act, according to the American Paper Institute, which reports the Wisconsin Legislature has passed a more limited program which places an SO₂ emissions cap on utility sources.

The Maine Legislature can be expected to follow New York's lead.

During the 1984 election campaign, candidates for Congress were unanimous in saying it's time to act.

Senator Mitchell is the Senate leader in the fight for controls over acid rain.

Governor Brennan has long said controls are needed, although he worries over who should pay the cost of the cleanup.

Maine's attorney general and others from New England and New York state have joined environmentalists in asking the courts to force the Environmental Protection Agency to reduce emissions.

Educators and researchers on the Orono campus of the University of Maine are trying to stake out a role as the center of national research in the field of acid rain.

Maine's Canadian neighbors want action.

Polls show Maine people are overwhelmingly in favor of controls.

The news media supports an immediate curb on emissions. Typical was an editorial in the Portland Press Herald in 1982: "Acid rain presents a clear and present danger. Efforts to reduce it must begin now, not after still more years of study that in all likelihood will simply confirm conclusions already reached by such prestigious researchers as those of the National Academy of Sciences."

The National Academy of Sciences' study in 1983 was what environmentalists feel they needed to knock down the argument advanced by utility companies that too little is known about acid rain to proceed to control. The study suggested broad regional reductions in sulfur dioxide emissions as the key to reducing acid rain. But so far all studies have been criticized for failing to define the effects of acid rain. Assemblyman Maurice Hinchey, who succeeded in his third attempt to get the New York law passed, told a writer for the magazine State Legislators, "There is evidence all over the state. It isn't merely a threat to a few lakes. It threatens our agriculture, our silviculture (forests) and our health. Our public buildings are being corroded."

When Conservation Commissioner Richard Anderson joined environmentalists at a news conference to support potential acid rain legislation and linked it with problems in Maine's forest, Woodlands Manager Jim Giffune wrote Anderson saying there is no evidence "which justifies the contention that acid rain is doing harm to Maine's forests." Giffune also made these points:

"I'm very concerned acid rain legislation will result in another layer of air pollution controls for companies such as Great Northern Paper and put us at a greater competitive disadvantage with other paper making states..."

"If the Department of Conservation wants to make a meaningful contribution to efforts underway to develop a healthy new softwood forest, I strongly urge a program aimed at improving management of small woodlots."

The forest industry's best counterpunch to acid rain legislation is legislation providing technical assistance and financial incentives for owners of small woodlots. They need help because of the effects of the spruce budworm, not acid rain.

And in both Washington and Augusta, Maine must be on guard against attempts to impose a "tax" on the paper industry to help finance new emissions controls. Congresswoman Snowe exposed one such attempt by the New England Congressional Caucus in 1983. She said recently the bill is probably dead although all other New Englanders supported the New England Congressional Caucus. She questioned why consumers had to pay for the cleanup cost through a tax on electricity generated by fossil fuels. In return, Mrs. Snowe was branded by environmentalists as a defender of Maine paper mills.

The forest products industry maintains that there is "no compelling need to reduce acidic deposition levels to protect the timberlands of North America" although the industry realizes that "a large portion of the scientific community agrees that acidic deposition is contributing to the acidification of certain sensitive water bodies." The industry has strongly supported further research.

Coattails in Maine?

There were rumors in Augusta last week that House Speaker Martin was pleading with businessmen for more campaign contributions because he feared a Republican landslide may enable the GOP to regain control of the House. Democrats now have a 92-59 majority. Martin denied the rumor. What would it mean if the Republicans had control of the House? Stalemate on most issues for two years was the consensus of one group of Maine businessmen.

State Salaries

What do the public officials who deal with the forest industry earn in state government?

Among top wage earners:

Charles Devoe, chairman, workers' compensation commission (members earn \$46,800)	\$48,400.00
Richard Barringer, director, state planning office	46,987.20
Richard Anderson, commissioner of conservation	41,828.80
Henry Warren, commissioner of environmental protection	41,808.00
Glenn Manuel, commissioner of inland fisheries and wildlife	37,960.00
Kenneth Stratton, director, forestry	36,982.00
Herbert Hartman, director of parks and recreation	36,296.00
John Kerry, director, office of energy resources	35,256.00
Robert Gardiner, director of public lands	34,528.00
Alec Giffen, LURC director	33,716.80

The Environmental Agenda

At the October meeting of the Natural Resources Council of Maine, five subjects got top priority for 1985: (1) Big A Project ("More energy will be channeled into this one issue more than any other.") (2) Toxic air emissions; (3) Water quality reclassification; (4) Legislative review of Department of Environmental Protection; (5) Hydropower regulations. Others to get attention include the issues of public land management, groundwater protection, hazardous and toxic materials, forest policy and peat.

Where's the Paper Industry?

Dr. Arthur Johnson, president of the University of Maine at Orono, and Owen Wells, co-chairman of Citizens for the University Bond Issue, were puzzled. Where were the paper industry contributions to promote passage of a bond issue which would provide funds for a new building long sought by the Pulp and Paper Foundation. They had relied on the paper industry for \$10,000 of the \$45,000 to be used to produce and air television spots and for other promotion. Yet with only a week before election, only Great Northern (\$2,500) and Madison Paper Industries had contributed (\$500).

Others Matters

Renee Loth of the New England Monthly Magazine called with questions regarding the relationship between state government and business in Maine. She is researching a story on the subject covering the New England states...I attended a planning meeting of the Becker Institute in Portland. On November 2, John Becker and I had lunch with James Russell Wiggins of the Ellsworth American who had been critical of a Becker polling technique on the issue of education. The two agreed to disagree in a friendly manner...Joanne Lannin of the Maine Sunday Telegram called with questions regarding charitable contributions. She was preparing a story on the contribution policies of Maine business firms...Barbara Waters of the Katahdin Times called with questions regarding the research project in which water was released to allow rafters to run through the usually dry gorge below Ripogenus Dam. I had no other comments...Bill Rooney of American Forest magazine called with questions regarding the Big A Project...The office of the Public Affairs department has been moved from the second to the first floor of the Engineering & Research building in Millinocket, across from the multi-purpose room.

Sincerely,

Paul



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

October 29, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending October 26:

The Elections of 1984

When the votes have been counted on November 6, it is expected:

Republicans Bill Cohen, Olympia Snowe and John McKernan will have been reelected to Congress; and

Democrats will have retained control of the Maine Legislature.

If that's the outcome, the business community can expect the next two years to be much the same as the past two. In Washington, Maine's four member delegation hasn't been able to focus the attention of the Reagan administration on the problems of the forest products, shoe, potato and fishing industries. In Augusta, business must continue to seek understanding from Democrats who not so long ago were considered the enemy.

First, the races for Congress:

Senate - "Cohen's grip on a majority of the electorate appears unthreatened," Congressional Quarterly said in its October 13 issue. Maine newspapers speculate the Senator has a 2 to 1 lead over State Representative Elizabeth Mitchell, House Majority Leader. The issues of the campaign have been the threat of nuclear war and the influence of political action committees.

Cohen hasn't been able to get the Reagan administration or Congress to help the state's embattled potato, shoe and fishing industries. He favors action now by Congress to control acid rain.

First District - McKernan, the incumbent, "will probably emerge intact," according to Congressional Quarterly. Democrat Barry Hobbins, however, has been playing to the blue-collar voters, stressing his roots in a mill family of which he was the first member to go to college and contrasting his style with McKernan's Ivy League background and CQ says, "It is a theme that might work." The First District's core is Democratic -- from Biddeford to Waterville. And McKernan won his first term with only 50.3 percent of the vote.

Both say they are against the Big A Project -- although McKernan says he would leave the matter to the regulatory process and not oppose the project as a member of Congress. Both favor immediate action by Congress to control acid rain, but Hobbins says polluters should pay the entire cleanup cost and not utility rate payers.

Second District - Congresswoman Snowe is the heavy favorite to win a fourth term in the northern Maine District. Challenger Chip Bull, a former Agricultural Department official from Aroostook County, has made Mrs. Snowe's effectiveness in Washington a major issue in the campaign. In three campaigns in the largest congressional district east of the Mississippi, Mrs. Snowe has won by margins of 67, 79 and 67 percent.

Bull supports the Big A Project, Mrs. Snowe says it should be left to the regulatory process. Both favor acid rain controls.

Cohen, Snowe and McKernan won the endorsement of Maine's largest newspaper, the Maine Sunday Telegram.

While Maine voters will favor Republicans for national office, a majority are expected to show their independence by giving Democrats solid control of both houses of the Legislature. Democrats say Republicans missed an opportunity when they failed to contest 47 seats.

Hank Magnuson of the Paper Industry Information Office predicts Democrats will control the Senate, 25 to 10 and the House, 86 to 65.

If the PIIIO forecast is correct, there is also the likelihood that men from northern Maine will head the two houses of the Legislature. House Speaker Martin of Eagle Lake is likely to be unopposed while Senator Pray of Millinocket is said to be the leader in the race for the Senate presidency to be vacated by Gerry Conley of Portland. Both favor allowing the Big A Project to proceed through the regulatory process.

The remainder of the Democratic leadership is also going to be reshuffled. Senator Perkins of Blue Hill is the likely Republican leader in the upper House and Representative Higgins is expected to be renamed House Minority Leader.

Also on the ballot November 6 are four bond issues and four proposed constitutional amendments. Only two are controversial -- an equal rights amendment and a \$10 million bond issue for prisons. Great Northern Paper supports a \$16.5 million bond issue for the University of Maine and a \$13.4 million bond issue for vocational-technical institutes.

SAM and the Dam

The Sportsman's Alliance of Maine has contributed through a political action committee to the campaigns of a long list of candidates for the Legislature. Representative Herbie Clark of Millinocket earned an A+ on the SAM score card while Senator Pray and Representative Michaud of East Millinocket both got A's. All three have also worked in favor of the Big A Project, which SAM opposes.

Opposition to Big A

Representative Barry Hobbins has been saying for weeks he planned to oppose the Big A Project. But he waited until a television debate October 24 to do it -- and in doing so, elicited a surprise comment from Congressman McKernan. The First District Congressman says he personally opposes the dam although he doesn't intend to get involved in the issue as a member of Congress.

Environmentalists earlier in the day held a news conference in Falmouth to criticize information recently submitted to the Federal Energy Regulatory Commission (FERC) by Great Northern Paper. I responded to eight calls from reporters asking for comment.

On the subject October 23, I was interviewed by a Canadian Broadcasting Corporation reporter based in St. John, N.B., who had read the story by Fox Butterfield of the New York Times in a Canadian newspaper. The Canadian was particularly interested in the company's statements regarding Canadian competition. The Times story has been widely distributed. It was on page one of the Charlotte, N.C., Observer October 15 competing with that state's Senate race between Jesse Helms and Jim Hunt.

Back in Millinocket, the attached advertisement appeared in the Katahdin Times.

More from Butterfield

In the October 24 issue of the Times, Butterfield reported on the anticipated shortage of softwoods in Maine. The article was illustrated with photographs of Great Northern Paper's mill in Millinocket and a pulpwood pileup on the Golden Road. Butterfield, a New Englander just back from 15 years in China, also reported the subject was a "backwoods secret." Yet virtually everything in the article had been in print many times.

Louis Laun and Tom Kraner of the American Paper Institute called, concerned over the article's ramifications in the Washington debate over acid rain controls.

MCCI Annual Meeting

Only 50 people turned out for the annual meeting of the new Maine Chamber of Commerce and Industry. Roger Mallar, former state transportation commissioner turned insurance company administrator, is the new chairman, succeeding Tom Greenquist of Bangor Hydro.

Workers' Compensation

For the first time, the No. 1 legislative priority of the Maine Municipal Association in 1985 will be reform of the workers' compensation system. MMA represents all Maine cities and towns. For towns with populations under 500, the top priority continues to be repeal of the Tree Growth Tax Law.

Other Matters

An editor of the New England Magazine called to check facts in an article scheduled for the December issue on the subject of the Golden Road...An advertisement on winners of gift certificates in the Millinocket mill safety campaign was prepared for the Katahdin Times...I participated in four Portland meetings on sales department advertising and a direct mailing campaign...With Bob Bartlett, Bill Cozens and Tom Kelly, I met with Westbrook College officials who are seeking support of a fund raising drive...Stan Freeman of Newhouse News Service called with questions regarding acid rain...Robert Tremblay of Presque Isle asked for a November 13 speaker on the subject of the Big A...Ken Smith of WMEB, the student radio station at the University of Maine, called with questions on the Big A and other subjects...Pat Lynch of U.S. News called with questions regarding employment levels...Patricia House of MacMillan Publishing called with questions on the Big A.

Sincerely,

Paul

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Enclosure

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Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

November 12, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending November 9:

The Elections of 1984

In Maine, the elections of 1984 produced the anticipated results.

Republicans swept the federal offices: and

Democrats retained firm control of the state Legislature.

No one expected the big majorities rolled up by the Republicans. Senator Bill Cohen won with 74 percent, Congresswoman Olympia Snowe with 77 percent and Congressman Jock McKernan with 64 percent. People were speculating if State Representative Elizabeth Mitchell's gubernatorial hopes had been ruined by her loss by the biggest margin in a Senate race in Maine history.

In the Republican tide, President Reagan even swept Maine's mill towns such as Millinocket with 60 percent of the vote and East Millinocket with 64 percent.

But most of the talk centered in the Legislature. Senate President Gerard Conley is retiring. Majority Leader Charles Pray is the leading candidate for the office although he is being challenged by Senator Peter Danton of Saco. Democrats, who control the Senate 24-11, will caucus November 15 to pick their new leaders.

One factor some reporters say Pray has working against him is geography. With Democrats holding an 84-67 majority, House Speaker John Martin of Eagle Lake was expected to be reelected. If Pray was named president of the Senate, that gives the two top legislative positions to

northern Maine. There were other issues in the campaign for the Senate presidency but one was geography.

Pray would be the second man in history from Millinocket to be president of the Senate. The first was John Ward in 1951.

There was speculation that Martin will finally move on after an unprecedented 12 years as speaker. In Augusta, some say he will make his plans public to run for Governor, or perhaps go into private business in January. Martin at 45 is now the "dean" of the House with 20 years of service. The former "dean," Representative Jim Dudley of Enfield, was ousted November 6.

Another veteran who went down to defeat is Donald Hall of Sangerville, House Chairman of the Energy and Natural Resources Committee. Hall lost by a margin of two percent (93 votes) to Republican Duane Lander, a Greenville businessman and brother of Great Northern Paper Big A Project Manager Galen Lander. One possible successor to Hall as committee chairman is Representative Mike Michaud of East Millinocket, reelected to a third term with 81 percent of the vote in his district.

The new Legislature will officially convene December 5 for briefings for new members and to take care of other housekeeping matters. The session will get down to business in January.

Two bond issues supported by Great Northern Paper were approved by voters. Funds for a new engineering building on the Orono campus promoted by the Pulp and Paper Foundation were included in a \$16.5 million bond issue for the university system, which passed with 57 percent of the vote.

Fund raising efforts to promote the university bond issue got last minute support from most paper companies, the chancellor said he had been told by the independent committee which raised funds. Contributions lagged from the state's paper companies. McCarthy wrote Great Northern Paper officials "you were leaders and you helped mightily."

Also approved with 54 percent of the vote was a \$12.9 million bond issue for facilities and equipment for the vocational-technical institutes and Maine Maritime Academy.

Maine, with 64.7 percent of its adults voting, had the highest turnout in the nation.

Big A on the Kennebec?

A campaign brochure distributed by Representative Barry Hobbins of Saco in his unsuccessful campaign for Congress included a section on the environment which read:

"Barry wants a clean environment. He wants polluters to pay for the cleanup of acid rain, and he opposes the Big A dam on the Kennebec and the federal legislation which dilutes Maine's tough oil spill law."

And so it goes!

Big A Opposition: Strident

A reporter at a recent news conference of opponents of the Big A said spokesmen for the coalition opposing the West Branch were "shrill." This tone cropped into a newsletter of the Natural Resources Council and a column by a Boston Globe writer who has been a frequent critic.

"...Great Northern refuses to discuss the question in terms other than its own corporate bottom line," wrote NRC Director Brownie Carson.

"Great Northern has succeeded in scaring the hell out of the city of Millinocket by claiming that if the Big A dam isn't built, as many as 900 jobs will be lost," wrote the Globe's Tony Chamberlain.

Blaine House Breakfast

Bill Laidig, Bob Bartlett and I were guests of Governor Brennan for breakfast Thursday, November 8, at the Blaine House in Augusta. The Governor was advised of future plans of the company regarding the Big A Project and other matters.

Political Action Committee

The Great Northern Good Government Committee, a political action committee which has had contributions from 59 management employees, contributed \$4,400 to U.S. Senator Bill Cohen, \$2,800 to that of Congresswoman Snowe and \$1,400 to the reelection committee of Congressman Jock McKernan.

Matching Gifts

In the 1984 election campaign, 24 management employees contributed \$1,050.00 to the campaigns of 11 candidates for the Legislature under the company's matching gifts program. In 1982, 24 management employees contributed \$1,445 to the campaigns of 17 candidates for Legislature. The company matches contributions of up to \$50 to candidates for the Legislature.

Other Matters

Jim Giffune and Dale Phenicie were quoted in stories by David Platt, the environmental writer for the Bangor Daily News. Giffune praised new approaches to timber harvesting regulations in the unorganized territory. Phenicie was asked for his reaction on new

regulations of the Environmental Protection Agency designed to control sulfur emissions...Appointments by the Governor to the Land Use Regulation Commission can be anticipated in December...We answered questions from Perry Gottesfeld, a Topsham free lancer, writing on the subject of the anticipated shortfall of spruce and fir. He wanted to focus on the issue of herbicides versus manual thinning of young stands...Gordon Manuel concluded his WABI-TV duties with the elections and joins Great Northern Paper November 12.

Sincerely,

Paul

pmc/p

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Great Northern Paper

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Paul K. McCann
Manager Public Affairs

November 26, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending November 23:

The Issues of 1985

It is a tantalizing question for people in business:

Will Governor Brennan finally propose legislation to control the cost of benefits under workers' compensation insurance?

The Governor was hinting of such a possibility after a two day cabinet retreat at Maine Maritime Academy where the administration's legislative program was discussed.

While the Governor and his cabinet were talking legislation, the people elected to the Senate met and nominated leaders who will be officially elected December 4 when the Legislature convenes. The Democrats ignored Brennan's public preference for Peter Danton of Saco and nominated Charles Pray of Millinocket to be Senate President. Newspapers said Pray won by a single vote. Tom Perkins of Blue Hill was named Senate Republican leader.

If House Speaker John Martin is renominated December 4 when House Democrats caucus, northern Maine men will occupy the two highest offices in the Legislature. Republicans appear ready to name Tom Murphy of Kennebunk as the replacement for Republican Leader Linwood Higgins of Scarborough who isn't seeking reelection to the leadership role.

With Democrats holding a 24-11 majority in the Senate and an 84-67 majority in the House, it will probably take an initiative by the Governor to strike at the heart of the workers' compensation insurance problem -- the most liberal benefits in the country in the opinion of most.

All Brennan said following the Castine meeting, according to press reports, was that he is considering proposals to reform workers' compensation because of its negative effect on Maine's work ethic. The Governor's staff has been hinting of such a move for months and inviting suggestions. A delegation from the Maine Chamber of Commerce and Industry recently asked the Governor to act. The MCCI action was inspired by the Paper Industry Information Office task force in which corporate insurance and industrial relations managers of Scott, Boise-Cascade and Georgia Pacific are participants.

Even if the Governor again decides action to put a ceiling on benefits isn't feasible, there will be several major pieces of legislation dealing with workers' compensation. One will be the rehabilitation system developed by the Speaker's Select Committee on Workers' Compensation. Others will reflect the report of a special study on workers' compensation calling for deregulation of the insurance rates and a competitive state fund. MCCI is drafting the usual industry bills focusing on capping benefits.

Industry in general is also girding for another tax fight. The sweeping educational reforms approved in 1984 will require, according to people familiar with the subject, \$49 million in new revenues for the 1985 and 1986 tax years. Dr. Arthur Johnson, the popular short-term president of the University of Maine at Orono, is insisting the Governor's education program didn't solve a critical problem resulting from an insufficient budget for the operation of his campus. He will lobby for more state funds.

After the Castine cabinet meetings, Commissioner of Finance and Administration Rodney Scribner painted a picture of a financial squeeze, saying there are no funds available for new programs. At that the Commissioner may be overly optimistic. No concrete proposals have yet emerged.

Great Northern Paper is one of five companies following, through Portland attorney Jim Good, the Bureau of Taxation's consideration of amendments clarifying the repair parts exclusion under the sales tax machinery and equipment exemption.

A committee authorized by the Legislature to study taxation in the unorganized territory has not been organized but there still probably will be proposals dealing with taxing of forest lands. Senator Jim McBreairsty of Perham is having legislation drafted to implement recommendations of the first annual audit of the Unorganized Territory Tax District. One will call for a district administrator. McBreairsty is concerned also that the audit shows a deficit of nearly \$1 million in 1983, but shows no credit for an admittedly illegal transfer of \$1 million from unorganized territory funds to the Department of Conservation's general fund account. There may be changes proposed by the Bureau of Taxation in the Tree Growth Tax Law in an effort to balance revenue losses resulting from the drop in spruce fir valuations. And while the Maine Municipal Association has made workers' compensation reform its number one priority, most small towns favor repeal of the Tree Growth Tax Law.

The possibility exists of legislation which will create a state-wide forest practices act aimed at regulating harvesting and/or making regeneration programs mandatory. Such legislation may stem from a legislative study committee. The staff of the Department of Conservation at one time was collecting information on approaches. This also may be the year the Conservation department seeks to give full responsibility for spraying to control the spruce budworm to landowners, getting the state out of the business. And, as usual, legislation regulating use of herbicides, harvesting in the Allagash Wilderness Waterway, creating a state forest policy, clarifying responsibility for regulating dumps in the deep woods and other related topics can be expected to be the subject of legislation.

One of the biggest debates of the session may come on a proposal from the Brennan administration's environmental groups aimed at acid rain. Some will say it is needed to protect the state's water and forest resources. With the federal government insisting on more study of the problem before imposing new controls, environmental groups are turning to state governments seeking action. Sulfur dioxide emissions from sources such as Great Northern Paper are likely to be the target. The staff of the Department of Environmental Protection is researching the subject.

Other topics of environmental legislation will include a new water quality classification system, ground water protection, freshwater wetlands and the outcome of the Sunset Review of the DEP.

Great Northern Paper's Big A Project is probably going to be the target of environmentalists, fishermen and white water rafting outfitters. The water classification bill could be used to create barriers to hydropower projects. So could amendments expected to the Governor's rivers' laws passed in 1983. Or the vehicle may be a redrafted version of the 1984 proposal to impose a moratorium on the West Branch pending study and legislative approval.

Great Northern Speakers

Several representatives of Great Northern Paper have made public presentations in recent days.

Galen Lander discussed the Big A Project with forestry students at the University of Maine at Orono and at a noontime seminar for employees in Millinocket. Mike Cuddy spoke on the subject at a church club meeting. I did the same at a service club meeting in Presque Isle and at an investment club meeting at the Lucerne Inn. One man asked me if we expected opposition.

Jim Giffune, Bart Harvey and Bob Wright discussed trends in forest management at a meeting of the Fin & Feather Club in Millinocket. The topic which attracted the most attention was the use of herbicides.

Ken Hodsdon represented the company on a panel which discussed the potential for economic growth at a seminar sponsored by the Northern Maine Regional Planning Commission in Presque Isle.

Coming Up: Governor's Conference

The second Governor's Conference on Forestry is scheduled December 6-7 in Augusta.

On December 6 the Maine Development Foundation will sponsor the first briefing on the state's economy for legislators.

An unfortunate conflict.

Sincerely,

Paul

pmc/p

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E. E. Allain	W. M. Dillaway	P. D. Hubbe	M. Porterfield
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A. B. Danforth	S. M. Hill	P. P. Paul	P. F. Yacavone
A. E. Dentremont	S. G. Hobson	T. N. Pendleton	



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

December 17, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the three weeks ending December 14:

Glad Tidings from Augusta

Early December saw several announcements made at the state capitol which were welcomed by Maine's paper industry. And more good news was anticipated.

Brian Currier of Topsham, woodlands manager of Pejepscot Paper Company, and John Richards, a Greenville logging contractor, were nominated to serve on the Land Use Regulation Commission.

Senator Ronald Usher of Westbrook, an employee of the S. D. Warren Division of Scott Paper Company, was named co-chairman of the Energy and Natural Resources Committee of the Legislature.

Newsmen were told by a Brennan administration spokesman that Charles Canning, an Augusta businessman, would be nominated to serve on the Board of Environmental Protection.

Representative Mike Michaud of East Millinocket, a Great Northern Paper employee, was expected to be appointed co-chairman of the Energy and Natural Resources Committee.

And Governor Brennan is considering former State Representative Nancy Masterton of Cape Elizabeth as a nominee for the Board of Environmental Protection. There was mixed reaction to this report.

For Great Northern Paper, the news was most significant. If the nominees to LURC are approved as expected, the Commission will be better balanced philosophically in a year when the Big A Project will be considered.

Currier, a forester responsible for the management of Pejepscot's 125,000 acres of timberlands and wood procurement for the 170-ton per day mill in Topsham, is at home in the Augusta bureaucracy. He's monitored hydropower activities for his company as well as actively lobbied on behalf of the Paper Industry Information Office and Maine Forest Products Council. Currier is the son of retired Great Northern Paper Woodlands Manager Ralph Currier.

Richards is a veteran in the logging business. The Greenville man's timber harvesting crews are active on timberlands managed by Prentiss and Carlisle, Louis Hilton, Scott Paper and Great Northern Paper in the West Branch region. He lives in Greenville where he has been a community leader, active particularly in the effort to restore the steam boat Katahdin.

LURC has seven members. The commission is responsible for planning and zoning in the unorganized territory, the half of the state without local government. The Commission spends most of its time regulating activities associated with timber harvesting although originally established to control recreational development.

The Energy and Natural Resources Committee deals with all legislation dealing with hydropower or forestry. For two years, the committee has had chairmen who took office with outspoken biases against the paper industry. Senator Judy Kany was bitter about a Scott Paper Company public relations man's activity against her in the 1982 campaign. He lost his job. She never forgot the campaign rhetoric. Representative Don Hall of Sangerville mellowed with time but he was a vocal critic of the industry's forest practices. Hall also was responsive to those on the staff of regulatory agencies with anti-business biases. In 1984, Hall lost a reelection bid. Kany will stay on the committee as a member but Usher will become chairman.

This committee will deal with any legislation designed to block the Big A Project. It will also consider acid rain control proposals.

While Usher and Michaud, if he is appointed by House Speaker Martin, are paper company employees, both have demonstrated ability and integrity. They will be fair but must be sensitive to potential criticism that they are "cronies" of the industry lobby. But 1985 and 1986 can be the start of a new era of fair play for the paper industry in the activities of this key committee.

Martin is expected to officially appoint committee chairmen following the Christmas holiday.

The nominations of Currier, Richards and Canning require confirmation by the Senate following a hearing before the Energy and Natural Resources Committee.

While the emphasis has been on promoting candidates for LURC, the BEP situation is out of balance as the result of the resignation of two businessmen. The terms of three other members expire March 1. Great Northern Paper and industry, as a whole, will urge Governor Brennan to reappoint Jim Tweedie of Mars Hill. The terms of William Blodgett of Waldoboro and Evelyn Jephson of Old Orchard also end. The BEP has ten members.

Legislature

Lynwood Hand, Great Northern Paper's legislative counsel, was in Augusta December 5 and 6 for the organizational meetings of the new Legislature. Northern Maine men won top offices in both House and Senate with Martin reelected and Charles Pray of Millinocket the winner in a fight for the Senate presidency. Hand joined me in Portland December 11 for a meeting with Portland attorney Bob Moore who is drafting an anti-takeover statute which Great Northern Nekoosa Corporation may want passed by the Legislature. Legislators return to Augusta January 2.

Accident and Confusion: Why?

When a company aircraft was involved in an accident while landing in Millinocket December 6, there were reports in Maine newspapers and on television and radio in which the company's president was incorrectly identified as Peter F. Bartlett. How did it happen? Bangor Daily News correspondent Mary Anne Lagasse said she made the mistake while hurrying to meet a deadline. She combined the names of two company presidents. Wire services picked up her story and distributed the incorrect version to others. A Millinocket radio station which reported Robert F. Bartlett was a passenger on the plane December 6 picked up the incorrect version the following day. Having heard the fire department summoned over the radio, Katahdin Times Editor Anne Erickson was at the accident scene and talked with Bartlett. For that reason, we promptly released his name but did not identify others in calls to newspaper and radio stations.

Big A Public Relations

Great Northern Paper took several steps in December to inform the public and others of the need for the Big A Project.

A brochure containing frequently asked questions with the company's answers was mailed November 27 to 5,450 employees, retired employees, opinion makers and others. The brochure was accompanied by Great Northern Bulletins for 1,376 of those in the mailing.

Advertisements were placed in newspapers starting December 3 in nine communities offering copies of the brochure to readers. A radio tape made by Gordon Manuel was placed on seven stations offering copies.

Starting December 6, a television commercial in which Project Manager Galen Lander said the company welcomed questions from Maine citizens about the project which he believes is good for both the state and the company was placed on stations in Portland, Poland Springs, Bangor and Presque Isle. The 30-second commercial, as well as a 10-second version, was scheduled to run 82 times in the Portland market, 24 times on Bangor stations and 16 times in Presque Isle. After a break over Christmas, the commercial will again be shown from December 26 to December 31.

The mail response from these efforts has been unanimously positive. The 108 inquiries have each been answered with a personal letter and included the brochure.

One television station, WLBZ-TV, turned the commercial into a news story December 6, interviewing Gordon Manuel on "why" the company had taken this approach. An environmentalist predicted the company would do more image building.

There is more to come in the weeks ahead.

On December 13, when the application for a state permit was filed with LURC, we arranged an interview for Galen Lander with Dave Platt of the Bangor Daily News. We sent copies to Robert Gibbons of the Governor's staff, Speaker Martin and Senator Pray. We informed Representative Michaud of the filing.

Community Leaders

Bart Harvey briefed two dozen guests of the company at a December 5 luncheon on trends in forest management. Dick Noyes brought the group up to date on business conditions. The luncheon is another in the series intended to keep community leaders informed of matters relating to Great Northern Paper.

Other Matters

With guidance from Lin Davis, Tom Glidden and Glenn Saucier, a series of safety announcements were prepared by the staff of WSYX in Millinocket. Manuel is coordinating this project...Tux Turkel of the Maine Sunday Telegram talked with both Bob Wright and me in search of a story on the subject of Maine's business climate. He was frustrated over the lack of examples of businesses going elsewhere. Turkel got the idea from stories on speeches at the Governor's Conference on Forestry...A new company Christmas advertisement is being prepared by the New England Group. We had used the same page for four years...Howard Willets and I met with the same advertising agency in Portland to discuss proposals for an advertising program to promote the East Millinocket modernization project, if it is approved.

Sincerely,

Paul

pmc/d



Great Northern Paper

a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager Public Affairs

December 31, 1984

Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending December 28:

Everybody's Interested in the Forest

The state's industrial foresters have been calling for a state "forestry ethic," a commitment to intensive forest management, a "forest policy" or some other visible evidence of high priority for the resource.

The mostly positive tone of the Blaine House Conference on Forestry was greeted as the beginning of a period of reapproachment between the industry and the Brennan administration's Department of Conservation. First, on December 6, Conservation Commissioner Richard Anderson said, "The second Blaine House Conference on Forestry exemplifies our commitment to encourage excellence in the management of Maine's forest land." The following day Governor Brennan pledged "through a partnership of government, industry and the public, we can secure the exciting future that our forests offer to all of Maine's people."

If this era of harmony is to continue, the price for industry is going to clearly be more state involvement in the forest products industry. An analysis of what was said by speakers at the conference and other happenings provide a preview of what seems to be a Conservation department thrust for more say in forest management in exchange for the state support the industry has sought.

Some examples of what's ahead:

Governor Brennan said the administration will convene for a conference on Canadian imports and exports next spring.

Anderson said he will impanel by January 1 a panel to determine, between now and January 1, how many acres will come under intensive management and to assess the positive and negative effects on wildlife.

Another task force, Anderson said, will meet the opportunities and challenges presented by whole tree chipping.

In addition, Anderson said, he has asked Governor Brennan to introduce legislation calling for a mid-cycle inventory of the spruce-fir resource in 1985-86 and to create a program of tax incentives and landowner education for landowners with overstocked spruce-fir stands.

John Melrose, a consultant to the Maine Department of Transportation, said the department is studying ways of increasing fees for forest products' vehicles to finance highway and bridge construction and maintenance.

State Economist Lloyd Irland suggested several areas which need attention, in his personal opinion, including:

- General business climate issues;
- Occupational safety, rehabilitation and improved administration of the workers' compensation system;
- The level of forest management in general;
- Nonresident woods workers and related border issues.

Earlier, Irland had quoted state and federal agencies' statistics that show, "the tragically high rate of industrial accidents -- 61 percent higher in lumber and wood mills, 47 percent higher in logging and 8 percent higher in the paper industry, while compared to the nation." He also had suggested a careful survey of the potential for job creation due to silvicultural investment.

Beyond the conference, there are others active.

A committee established by the Legislature in 1983 has determined that additional regulation of forest practices is not warranted but it will take a look at the difference in regulation between the unorganized and organized areas of Maine. According to a Paper Industry Information Office report, the committee also intends to examine the need for intensive management incentives for small nonindustrial forest land ownerships. The committee will ask the Legislature to establish a system to gather information on forest practices per acre. The committee will ask legislative leaders to extend its life.

A year long study by the Natural Resources Council of Maine of forest related environmental issues anticipated in the next 40 years has been completed.

Among the important trends identified was the slowdown in growth, particularly in "softwood species sensitive to acid rain and other air pollutants. Air pollution levels in Maine are comparable to those of

Central Europe, where extensive forest damage has caused a billion dollar loss to the forest products industry. The political climate in Washington offers little hope that air pollution's effect on Maine's forest will decrease significantly in the near future."

President's Letter

A letter from R. F. Bartlett was mailed to 4,163 employees, 1,026 retired employees and 610 opinion makers throughout the state. The letter was the basis for a business page story December 20 in the Bangor Daily News.

Big A Project

After filing the company's application with the Land Use Regulation Commission December 13, Galen Lander and Dale Phenicie briefed David Platt, at his request, on the contents of the application. His story on the subject appeared in the next day's newspapers. Copies of the filing were mailed to Robert Gibbons of Governor Brennan's staff, House Speaker Martin, Senate President Pray, Representative Michaud of East Millinocket and others who had requested copies.

A newspaper advertisement inviting questions on the project was scheduled for all Sunday and daily newspapers and a dozen weeklies in the period from December 26 to December 30. Featuring a photograph of Lander as he appears in the television commercial, the advertisement in the newspaper message is stronger than that on television, making the point that the Big A Project is the only way the company can reduce energy costs. The television commercial runs again from December 26 to December 31. A report on reaction to the first phase of the television advertising was issued. Gordon Manuel is also interviewing a number of opinion makers seeking reaction.

White water rafters have asked the town of Greenville and the Moosehead Region Chamber of Commerce to intervene in the Big A regulatory process, joining in the opposition. A letter signed by R. W. Noyes was mailed to 37 employees who live in Greenville and surrounding towns, asking them to support the Big A Project. The letter was sent December 26 and also was mailed to retired employees and suppliers. We also informed members of the Board of Selectmen and the Chamber of the company's hope for support, instead of opposition.

A mailing to 936 suppliers on December 26 included a letter from P. P. Paul asking suppliers to consider supporting the Big A Project in several ways, including joining a committee a group of supporters will organize. The Question and Answer brochure on the project and R. F. Bartlett's letter to employees were included.

A special bumper sticker for retirees saying "Big A-OK!" is being distributed.

Gordon and I worked with two retired employees and an active employee on letters to the editor of newspapers, responding to critics of the project.

The Legislature

Legislators return to Augusta January 2 and the 112th session gets started.

Lynwood Hand, the company's legislative counsel, and Gordon Manuel will represent Great Northern Paper on a day-to-day basis. They will be backed up by Dan Boxer on Big A matters and Jim Good on tax matters. Both are partners in the Portland firm of Pierce-Atwood. Bob Moore of Verrill-Dana will register to be the specialist on the anti-takeover legislation sought by GNN, if it is decided to seek approval of such a bill.

The Paper Industry Information Office has established a new system of coordinating issues. Great Northern Paper will be the "lead" company on forestry matters and the backup on environmental issues.

Other Matters

A program of Christmas music was sponsored on radio station WSYX in Millinocket...Contributions to the Portland Symphony Orchestra and the Portland Stage Company were approved by the GNN Foundation...Tux Turkell of the Maine Sunday Telegram called with questions regarding port development and the company's future in the export business...Contributions were made to the annual Christmas funds of the Bangor and Portland newspapers...Frank Sleeper of the Portland newspapers called to ask for comment on a rumor the company had drastically cut business on the Maine Central Railroad because of the president's personality. We had no comment.

Sincerely,

Paul

pmc/p

Distribution:

E. E. Allain	W. M. Dillaway	P. D. Hubbe	M. Porterfield
R. F. Bartlett	J. E. Farmer	M. A. Keck	D. K. Phenicie
A. P. Birt	P. I. Firlotte	D. J. Krohn	C. H. Reed
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